

Second Lieut. George Arthur Hadsell, Infantry, from April 6, 1929.

Second Lieut. Earl Mattice, Infantry, from April 7, 1929.

Second Lieut. Herbert Theodore Benz, Coast Artillery Corps, from April 11, 1929.

Second Lieut. Uzal Girard Ent, Air Corps, from April 12, 1929.

Second Lieut. Henry Sterling Jernigan, Cavalry, from April 12, 1929.

MEDICAL CORPS

To be majors

Capt. John Randolph Hall, Medical Corps, from April 6, 1929.

Capt. Louis Anatole La Garde, jr., Medical Corps, from April 6, 1929.

Capt. Frederick Hessler Sparrenberger, Medical Corps, from April 6, 1929.

Capt. Luke Baker Peck, Medical Corps, from April 6, 1929.

Capt. Ralph Waldo Newton, Medical Corps, from April 6, 1929.

Capt. Royal Kendall Stacey, Medical Corps, from April 6, 1929.

Capt. Benjamin Franklin Fridge, jr., Medical Corps, from April 6, 1929.

Capt. Lewis Adolphus Lavanture, Medical Corps, from April 6, 1929.

Capt. Adolphus Alfred McDaniel, Medical Corps, from April 6, 1929.

Capt. James Hubert Blackwell, Medical Corps, from April 6, 1929.

Capt. Floyd William Hunter, Medical Corps, from April 6, 1929.

Capt. Daniel Cogdell Hutton, Medical Corps, from April 6, 1929.

Capt. Robert E. Thomas, Medical Corps, from April 6, 1929.

Capt. Leonard Watson Hassett, Medical Corps, from April 6, 1929.

Capt. John Roy Oswalt, Medical Corps, from April 6, 1929.

Capt. Joseph Edward Campbell, Medical Corps, from April 6, 1929.

Capt. Erick Martin Paulus Sward, Medical Corps, from April 6, 1929.

Capt. Paul Newkirk Bowman, Medical Corps, from April 6, 1929.

Capt. Merton Almond Farlow, Medical Corps, from April 6, 1929.

Capt. Herbert Wellington Taylor, Medical Corps, from April 6, 1929.

Capt. Harry Elton Hearn, Medical Corps, from April 6, 1929.

Capt. William Joseph Froitzheim, Medical Corps, from April 6, 1929.

Capt. Thomas Hill Stewart, jr., Medical Corps, from April 6, 1929.

Capt. Carlton Lakey Vanderboget, Medical Corps, from April 8, 1929.

Capt. Julius Adams Johnson, Medical Corps, from April 13, 1929.

To be captains

First Lieut. Dwight Moody Young, Medical Corps, from March 15, 1929.

First Lieut. Edwin Christian Sorensen, Medical Corps, from March 25, 1929.

First Lieut. Stuart Gross Smith, Medical Corps, from April 1, 1929.

DENTAL CORPS

To be major

Capt. George Magnor Krough, Dental Corps, from April 6, 1929.

VETERINARY CORPS

To be major

Capt. Sherman Robert Ingram, Veterinary Corps, from March 1, 1929.

MEDICAL ADMINISTRATIVE CORPS

To be captain

First Lieut. Richard Ellsworth Humes, Medical Administrative Corps, from March 12, 1929.

PUBLIC HEALTH SERVICE

The following-named doctors to be assistant surgeons in the Public Health Service, to take effect from date of oath:

Charles P. Waite.

Edwin G. Williams.

(These doctors have passed the examinations prescribed by law and the regulations of the service.)

COAST GUARD OF THE UNITED STATES

The following-named cadets to be ensigns in the Coast Guard of the United States, to rank as such from May 15, 1929:

Romeo J. Borromey.

George H. Bowerman.

Carl G. Bowman.

Bret H. Brallier.

William B. Chiswell.

Peter V. Colmar.

Marius De Martino.

John A. Dirks.

Lowell C. Gibson.

Garrett V. Graves.

William P. Hawley.

Harry A. Loughlin.

Perry S. Lyons.

Donald B. MacDiarmid.

George W. Nelson.

Palmer A. Niles.

Charles M. Perrott, jr.

Oliver A. Peterson.

Stanley F. Piekos.

Edwin J. Roland.

Richard M. Ross.

William B. Scheibel.

Hans F. Slade.

James C. Wendland.

Allen Winbeck.

Henry J. Wuensch.

John N. Zeller.

(These young men will have satisfactorily completed the course of instruction for cadets at the Coast Guard Academy, have passed the prescribed physical examination, and have served as cadets the time required by law.)

CONFIRMATIONS

Executive nominations confirmed by the Senate April 22, 1929

ASSISTANT SECRETARIES OF THE NAVY

Ernest Lee Jahnce.

David Sinton Ingalls.

CHIEF OF THE BUREAU OF AERONAUTICS

William A. Moffet.

PAYMASTER GENERAL AND CHIEF OF THE BUREAU OF SUPPLIES AND ACCOUNTS

Joseph J. Cheatham.

COAST GUARD OF THE UNITED STATES

Douglas R. Burkham to be temporary ensign.

POSTMASTERS

MICHIGAN

Maud E. Doane, Pewamo.

Floyd E. Wagner, Vandalia.

HOUSE OF REPRESENTATIVES

MONDAY, April 22, 1929

The House met at 12 o'clock noon and was called to order by the Speaker.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

O Thou whose glory lights up with its healing beams the dark places of the world, where misfortune and trouble lie heaviest, hear our prayer. As we wait in Thy presence this sacred moment, harken, O Lord, unto us. How precious are Thy counsels, O God. When in difficulty help us; when in doubt guide us; and when in sorrow cheer us. Remind us of the great debt we owe our country; but beyond every other obligation is that of a good name; thus may we adorn our high places. Be Thou a silent witness through the waiting hours and preclude the heart of resentment and the voice of impatience. Bestow upon us the blessing of wisdom and the ease of an untroubled heart. In the precious name of Jesus. Amen.

The Journal of the proceedings of Saturday, April 20, 1929, was read and approved.

ADDRESS OF HON. WALL DOXEY, OF MISSISSIPPI

Mr. COLLIER. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by inserting a speech by my colleague, Mr. DOXEY, of Mississippi, which was delivered over the radio on last Saturday night.

The SPEAKER. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

Mr. COLLIER. Mr. Speaker, under leave to extend my remarks in the RECORD, I include the following speech of Hon. WALL DOXEY, of Mississippi, delivered over the radio on April 20, 1929:

LAW AND LAWLESSNESS

Friends and listeners of the radio world, back in my native State, Mississippi, during the major portion of my time for the past 13 years I have been prosecuting people charged with crime. During that period I have tried nearly every kind and character of criminal case. I have come into contact with nearly all classes of people under varied circumstances. I have arraigned before the bar of justice the rich and the poor, the strong and the weak.

The joys and sorrows, the weal and the woe, the sunshine and shadows experienced by struggling humanity have all made indelible impressions upon me and caused me to be firm in my convictions and of necessity required on my part much time and thought concerning "law and lawlessness."

I am convinced that the eyes of the world to-day are on America. If we believe in constitutional righteousness, if we believe in the majesty and supremacy of the law, we should lend every fiber of our being commensurate with the position we perchance occupy to the rigid enforcement of the law.

I agree with William Tyler Page when he says in America's Creed, "It is my duty to my country to love it, to support its Constitution, to obey its laws, to respect its flag, and to defend it from all enemies."

That is wholesome food for thought. Defending my country from all enemies is a clarion call of peace as well as war. It applies to enemies from within as well as from without our borders.

I am of the opinion, the propaganda of the pacifist notwithstanding, that some of the other great nations of the earth to-day would not hesitate to pick a quarrel with us, and even attack us, if they thought they could defeat us. Yet we need not fear a foreign foe. To-day our danger lies within. The invitation to attack from without will come, if ever, on account of internal unrest and dissensions.

I am going to lay down this broad proposition to you as thinking people: "This Government will endure on the rock of law enforcement, or it will perish in the quicksands of lawlessness."

I am truly optimistic as to our future in view of past performances, recent national legislation, present developments, and the positive stand taken by our President as to law enforcement.

I think it is idle to suggest that the law can not be enforced. The most powerful Government on earth, with the people overwhelmingly behind it, can and will bring about desired results. Our failure in the past is essentially attributable to our indifference and the fact that we have never tried as a people.

The challenge comes to be about our business. The greatest business in life is righteous living. It pays the biggest dividends.

Idle words will never obtain the proper results. We as individuals are by nature prone to stand by and say in our hearts, "Let the other fellow do it." We can never measure up to the high calling of worthy, patriotic, public-spirited citizens by just "sitting still."

This story illustrates my thought: A farmer living in peace and contentment and surrounded by his delightful family one evening at the dinner table told his boys that the next morning he would expect them to help him saw up the big pile of wood out in the woodpile. The next morning, after this good man had gotten his crosscut saw and went out to the woodpile, none of his boys showed up. So he began to call the oldest one; he called and called, but the boy didn't answer. In fact, he called each one of them, but not a boy responded; so he got the hired man and they set about sawing the wood.

When they went into the house for lunch the boys were all there; they were always present at mealtime. So the father said, "Sam, why didn't you answer this morning and come on out and help me saw that wood when I called you? Where were you?" Sam said, "I was down at the blacksmith shop setting my saw." He looked at the next oldest boy and said, "John, where were you?" "Why, Dad, I was down at the creek setting a trap." He looked at his other boy and said, "John, where were you?" "Why, I was in the house setting the clock for grandma." He then looked at Henry and said, "Henry, where were you?" "Why, I was down at the barn setting a hen for ma." He looked at them all and said, "I declare, you all are a wonderful set!" Then turning to the youngest son, he said, "Billy, where were you?" "Pa, I was out on the back porch." "What were you doing?" "Why, pa, I was just sitting still."

Those of us who realize that there is work to do that must be done and that the lawless element is organized and defiant can never cause victory to perch upon our banner by just "sitting still."

All right-thinking people know that disrespect for the law is a social, moral, and economic menace.

Lawlessness corrupts politics and eats like a gnawing cancer upon the very vitals of our Government.

To my mind it is a simple but vastly important fact: "That the greatest safety of this country is found in the adoption and enforcement of laws which are calculated to protect all the people and which discriminate against none."

Would that we as a people, united and determined, so reverence the law that respect for it be effectively taught in our schools and colleges. Be practiced in our homes and business. Be proclaimed in our legislative halls and enforced in our courts of justice. Then and only then will "respect for the law" become the political religion of this Nation.

By this process, when "reverence for the law" becomes the order of the day, this great country of ours can be truly likened to the time when God called Abraham and told him to leave his home and friends and go out into a land that he would show him and encouraged him by adding this promise: "I will make thee a great nation."

I am sold on the idea that this Nation is a "child of providence." Consider its history from the beginning. To-day it is a giant among the nations of earth—yet it has never worn "swaddling clothes."

In times of peace as well as war it has no parallel in all history. It is said that "Philosophy is history just repeating itself."

We know that God works through human instrumentality. Therefore you and I are the agencies through which this country is to "carry on." We are a part and parcel of a great plan. As Americans we have a grave responsibility and a serious mission.

To-day America is on trial. What will the verdict be? It's up to you and to me. Get the vision! Grasp the opportunity! Deliver the goods as is becoming true Americans.

Don't through necessity save America for our sake alone, but do your part for our country for the world's sake!

I am convinced as we view the past, consider the present, and dip into the dim mists of the future that as "These United States go, so goes the world," for at least the next 25 years.

To-day we are confronted with complex and perplexing problems that will test our mettle.

We must have sincerity of purpose and the courage of our convictions. We must have vision, valor, ideals, and a get-up-and-go spirit, prompted by altruistic motives.

Never try to fool yourself that you have no fight and that success is sure. The battle lines are drawn. Take an inventory of yourself and see where you stand. Don't falter! Don't fail in this gigantic warfare!

Men and women, boys and girls, where do you first begin to show your colors? Regardless of who you are and what you do, the answer comes back in thunder tones, In the home!

The home is older than the church. It is older than the Nation. It must furnish the material out of which we are to "carry on." Are we as a people going to "sink or swim, survive or perish"? It's our problem to solve and can only be done by us.

Of course there are exceptions, but, generally speaking, I believe it is true that "As go the parents, so will go the children. As go the children, so goes the home. And as go the homes, so goes the Nation."

All history shows that the first evidence of decay in any nation is found in the home life of that nation. You know as well as I do that our home life to-day is rather unstable to say the least of it. One reason for our great crime wave to-day is because the homes have been neglected.

Is the indictment true that "We are becoming a homeless Nation"? God forbid! Yet it is charged with much reason that to-day to many the "home is only a place to eat, sleep, grunt, and growl."

Is the following story typical of present conditions?

A young bride was approached by a real-estate agent who tried to interest her and her husband in buying a home. "A home?" said she. "Why, what in the world do we want with a home? I have never had one. I was born in a hospital, reared in a boarding school, courted in an automobile, and married in a church. We take our meals at a café, spend our evenings at the movies and dances, our Sundays at the golf links or riding through the country, and entertain our friends at the club. When we get sick they will take us to the hospital, and when we die they will bury us from the undertaker's. What would we do with a home?"

I know from observation, experience, and contact that such a condition exists and that it breeds disrespect for the law and is a great contributing factor toward lawlessness.

I further know by coming face to face with it that it is characteristic of a great number of people to-day as they travel down "life's highway" to want to take the "short cut" in home life, business, and governmental affairs. A person who is too busy, selfish, or indifferent to render faithful and conscientious service as an advocate of clean living and an exponent of righteous thinking is a liability instead of an asset to his country.

This wonderful age in which we live demands "Service above self," for "Patriotism burns brightest in an unselfish heart."

You can not take the detours and travel the road to victory in morals, education, or even politics. It will not pay.

The philosophy that "anything is all right just so long as I don't get caught" is all wrong, and in the final analysis proves disastrous.

We can not build or maintain this civilization out of that kind of material. It will even tear down the very fiber of our existence.

However, my friends of the radio world, I haven't time to present the picture further, yet I say to you, if you will "Stop, look, and listen!" if we catch our step and cross crossings cautiously and play "safety first," we are entitled to take a hopeful outlook of the future, and this great country of ours will be even a better place in which to live.

If this is to be a reality instead of a dream, we must pay the price by doing our duty in the home, in business, and in society.

The mechanism of our governmental machinery can and will properly and effectively function only through us as a people doing our duty as apostles of good government.

In conclusion permit me to express this thought, in the language of the old negro preacher down in my State of Mississippi, when he prayed in a fashion something like this:

"Oh, Lawd! Give me dis ebening de eyes of de eagle and de wisdom of de owl.
 Connect my soul wid de gospel telephone in de central skies!
 'Luminate my brow wid de blessed sunshine of heben,
 'Lectrify my brain wid de lightning of Dy word.
 Plizen my mind wid de love of de people.
 Put 'petual motion in me through and through.
 Turpentine my 'magination. Grease my lips with 'possum oil.
 Fill me plum full of de dynamite of Dy glory.
 Anoint me all over wid de kerosene of Dy salvation!
 Set me on fire wid de torch of Dy magnanimous love and send me out in dis world to do my natural duty!"

PERMISSION TO ADDRESS THE HOUSE

Mr. LAGUARDIA. Mr. Speaker, I ask unanimous consent to address the House for five minutes.

The SPEAKER. Will the gentleman withhold his request for a moment while the Chair administers the oath of office to Members? All Members who desire to take the oath will please come forward.

SWEARING IN MEMBERS

Mr. KADING, Mr. STOBBS, Mr. BUCKBEE, and Mr. O'CONNELL of Rhode Island appeared before the Speaker's rostrum and took the prescribed oath of office.

THE DEPARTMENT OF AGRICULTURE

Mr. GARBBER of Oklahoma. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by incorporating therein a recent address delivered by the Assistant Secretary of Agriculture.

The SPEAKER. The gentleman from Oklahoma asks unanimous consent to extend his remarks by incorporating therein a recent address delivered by the Assistant Secretary of Agriculture. Is there objection?

There was no objection.

Mr. GARBBER of Oklahoma. Mr. Speaker, the knowledge of the average citizen does not extend to the details of organization for service to the public of the various departments of government, and by reason of that fact their utility is in that degree restricted. These departments of government are the people's agencies, created for them. The people's problems are their problems, and any citizen who enlists their advice and aid avails himself of the very best trained, expert service that can be secured.

Perhaps no department of the Government is of more practical interest to the people at large than is the Department of Agriculture, whose sphere of information and service includes almost every detail of everyday life and problems, not only of the farmers for whom it was founded primarily, but of every citizen of the United States. In the following address, delivered by the Assistant Secretary of Agriculture, Mr. Dunlap, he briefly describes the activities of the Agricultural Department and affords a practical knowledge of its several branches and the sphere of their activity. Mr. Dunlap's retention as Assistant Secretary of Agriculture is a just recognition of services rendered the industry. In the four years that he has held the position he has demonstrated his outstanding ability, his keen, practical insight, and genuine concern in the solution of agricultural problems. The farmers of the West are especially gratified at the retention of Mr. Dunlap in his present position.

ADDRESS BY RENICK W. DUNLAP, ASSISTANT SECRETARY OF AGRICULTURE, OVER NATIONAL BROADCASTING CO.'S COAST-TO-COAST NETWORK, FRIDAY EVENING, APRIL 12, 1929

Although the Department of Agriculture was founded primarily for the farmers it has developed services of untold value to the entire population. During the four years I have been connected with the Department of Agriculture, as its Assistant Secretary, I have found a great many people who believe the activities of the department are of interest only to farmers. Such is not the case.

The Department of Agriculture is one of the largest departments in the Government. It employs more than 20,000 people. Their activities are supervised by 14 bureau chiefs, each one of whom is responsible directly to the Secretary for the administration of his bureau.

Although appropriations are not necessarily an accurate measure of the size of the department, they do give some idea of its size. The last Congress provided a little more than \$157,000,000 to carry forward the work of the department during the fiscal year 1930.

The largest appropriation for a single bureau is \$74,500,000, which sum is spent by the Bureau of Public Roads. Of this amount \$72,150,000 will be spent on actual road building and \$1,850,000 will be spent on highway research and administration. In addition the Forest Service will spend \$8,000,000 for roads in national forests, making the total expenditure for roads more than 52 per cent of the total appropriation for the department.

Within the Bureau of Public Roads we have an agricultural engineering division, which, as the name implies, is striving to solve the engineering problems of the farmer. Its investigations are dealing with the problems ranging from soil erosion to the heating and lighting of the farm home.

The Bureau of Animal Industry is second in size from the standpoint of moneys spent and first from the standpoint of the number of employees. As the name implies, this branch of the department serves the public by protecting and developing the livestock and related industries. The number of domestic animals in the United States greatly exceeds the human population and is one of our greatest natural resources. Livestock furnish annually about 140 pounds of meat per capita besides countless products contributing to our comfort, pleasure, and general well-being.

The public has a vital interest in the Federal meat-inspection service, which extends to more than 70,000,000 animals slaughtered annually in about 800 establishments. This service maintains a high standard of sanitation in packing plants and insures to the consumer a safe food product.

Through research and a well-organized veterinary service the Bureau of Animal Industry has entirely eradicated several animal maladies and has greatly reduced the prevalence of others, thereby improving conditions for stock raising in the United States. The Federal Government is now cooperating with the various States in a systematic effort to eradicate tuberculosis from livestock. This is the most extensive effort of its kind that any nation has undertaken, and its success is now assured. Within the last 12 years bovine tuberculosis has been practically eradicated from one entire State—North Carolina—and from large parts of several others. For the country at large the prevalence of bovine tuberculosis has been reduced fully one-half. Because of the recognized connection between bovine and human tuberculosis of certain types this work is of value to everyone.

Besides helping producers to raise thrifty, healthy herds, the Bureau of Animal Industry also conducts experiments in the breeding, feeding, and care of domestic livestock and poultry. It likewise supervises the operation of the principal public stockyards through which livestock are marketed.

Of the money appropriated for the Department of Agriculture, more than \$13,000,000 will go to the Forest Service. It is steward and practical business manager of the national forests, a vast public estate, scattered from Porto Rico to Alaska, equal in area to about one-twelfth of the United States, and comprising a fifth of all our timberland and standing timber. Its work includes fighting forest fires, building roads and trails, planting trees, harvesting ripe timber, supervising the use of forest ranges, planting fish, protecting game, improving camp grounds, and entertaining over 20,000,000 visitors a year, who camp, hunt, fish, travel, climb mountains, explore, or just loaf in the midst of some of the grandest scenery in the world.

Extensive as they are, the national forests are not large enough to protect the public interests, so the Government has been purchasing forest lands for the past 15 years. The Forest Service, under supervision of the National Forest Reservation Commission makes these purchases.

Under the cooperative forestry law, the Forest Service assists practically all the forested States, and through them private forest owners, in forest-fire protection, tree planting, and forest management. This work is one of the most important contributions made by the Federal Government for extending better forest practices and customs beyond existing national forests.

The department is doing the same sort of research for forestry as is done for the other phases of agriculture—finding out all it can about growing, harvesting, and using timber crops. Twelve regional forest experiment stations, a forest products laboratory, and a staff of forest economists are gathering much valuable knowledge of these subjects. At present the Forest Service is organizing a nation-wide forest survey which will tell us better than we have ever known before just how much forest we have and in what condition it is.

In spite of all this work, I must confess that the vital work of saving the Nation's forest heritage from destruction by fire and the axe is only begun.

The Weather Bureau has been a part of the Department of Agriculture since 1891, when it was transferred from the Signal Corps of the Army. The original act which established this service stated that commerce, agriculture, and navigation were to be the prime considerations in the development of the bureau. Later congressional action included aviation. The service of this bureau is so familiar to everyone that I need say no more about its value to the general public. It costs us about \$3,000,000 per annum or, in other words, less than 3 cents per capita per annum.

The enforcement of the Federal food and drugs act, usually known as the pure food law, is another phase of the department's activities which commands the interest of the entire population of the United States. Twenty-five or thirty years ago food adulteration was so rampant that the need for a pure food law was a constant subject of conversation. To-day the purity and honesty of our food and drugs is taken more or less as a matter of course.

I doubt if many who are listening to me to-night have any conception of the extent of the network of inspection which guarantees them wholesome and honest products. Yet in the 22 years since the law was passed, more than 16,000 seizures and prosecutions have been instituted, and in countless constructive ways American manufacturers have been shown how to improve the purity of their products, all at a cost of less than 1 cent per capita per year.

The food and drugs act is enforced by the Food, Drug, and Insecticide Administration of this department. The law is so broad that it covers all shipments of foods or drugs, whether for man or for animals, whether imported or domestic, except those that originate and are consumed wholly within the borders of a State. It provides not only that your food shall be wholesome but it requires that it shall be honestly labeled. It requires that your drugs shall be of the strength and purity their labels indicate and that unwarranted claims as to their curative worth shall not be made in the labels. The consumer is not only guaranteed full value for the money he spends on his foods and drugs but the farmer is guaranteed full value for what he spends for stock feeds and stock remedies. The law therefore reaches not alone the agricultural population of the United States but it covers the city and suburban population as well. It protects their health and it protects their pocketbook.

The Bureau of Biological Survey has investigated the food habits of the birds and of the 4-footed forms of wild life of the country and has made surveys of wild-life conditions for about a half century. The wild-life investigations were undertaken to gain exact information regarding their habits and the geographic distribution, abundance, and migrations of the various species. The studies are conducted not only in the interests of wild-life conservation but also in the interests of agriculture, horticulture, stock raising, forestry, and recreation.

The activities of this bureau embrace research work, conservation efforts, wild-life propagation, control operations, and law enforcement. The long-term scientific investigations apply to conservation of game animals and birds, to control of stock-killing animals and destructive rodents, to fur farming and the propagation of game birds in captivity, and to the improvement of the Alaskan reindeer industry.

Among the more important of the laws administered by the Biological Survey are the migratory bird treaty act, which protects the birds that migrate between the United States and Canada, and the recently enacted migratory bird conservation act, which authorizes appropriations of nearly \$8,000,000 for the creation during the next 10 years of refuges for wild fowl. These refuges will be established on important marsh and water areas and in other places in the United States where the birds have been accustomed to concentrate.

The Bureau of Plant Industry is one of the oldest bureaus in the department and is interested primarily in improving the quality and insuring a steady supply of the foodstuffs and fibers which the people of the United States will use. Workers in this bureau study the transportation and utilizations of farm crops as well as their production. In recent years the horticultural work of this bureau, including as it does work with fruits, vegetables, nuts, and ornamental plants, has increased very materially.

The plant quarantine and control administration of the Department of Agriculture enforces the plant quarantine act which regulates the importation as well as the movement between States of all plants and plant products. Such regulations exclude new and dangerous plant pests and prevent the spread of pests which have a more or less limited foothold.

The Bureau of Agricultural Economics studies the economics of production and marketing, agricultural cooperation, farm organization, farm financial relations, farm labor, land economics, and the problems of rural life. It collects, interprets, and makes public statistical data relating to the production, marketing, and distribution of farm products. It provides market-inspection service on fruits, vegetables, and other products and grading service on dairy and poultry products and on meats.

Several regulatory acts are also administered in this bureau.

The Bureau of Home Economics is one of the newest branches of the Department of Agriculture but is one which will be of increasing value to homemakers, both rural and urban, as time goes on. The Bureau of Chemistry and Soils is also carrying on work in its food-research division which is of interest and value to all housewives. This last-named bureau has charge of the soil survey and all chemical and physical problems which are related to agriculture. It has accomplished a great deal of good through its research on the industrial utilization of farm products.

The Bureau of Dairy Industry is also one of the new bureaus, having been established by congressional action in 1924. Prior to that time the dairy work of the department had been a part of the Bureau of Animal Industry.

The activities of the dairy bureau include investigations in production, manufacture, and utilization of milk and milk products. Special stress is laid on the fundamentals affecting the efficiency of production and the improvement of quality. Progress in this last direction is undoubtedly largely responsible for the material increase in the per capita consumption of dairy products which has taken

place in recent years. The increased use of such products must eventually have a beneficial effect on public health.

The workers in the Bureau of Entomology study the life history and habits of insects injurious and beneficial to agriculture in order that they may develop practical methods of destroying the injurious ones and of promoting the increase and spread of those found to be beneficial. They also study insects affecting the health of man and animals, and although their work is seldom spectacular they are rendering a real service.

The grain-futures administration has supervision of the public markets on which grain is bought or sold for future delivery and seeks to protect the interests of farmers, grain dealers, and millers who use those markets.

All of the fact-finding activities of the Department of Agriculture would be of little value if there were no provision for the dissemination of these facts. For that reason the department is emphasizing the work of the extension service and the office of information. The former is chiefly concerned with the supervision of a large corps of men and women, commonly known as county agents, home-demonstration agents, or county-club agents, and a smaller corps of subject matter specialists.

The office of information has charge of press releases, radio programs, and publications of the department. Literally tons of bulletins, booklets, and pamphlets are published and distributed by the department annually. These are not thrown out carelessly, but instead are supplied only to those who are sufficiently interested to ask for them. The greatest number of them are the familiar farmers' bulletins which are written in simple and practical style for popular use instead of for scientists.

During the past four years I have learned to think of the Department of Agriculture as a storehouse of information for every citizen of the United States who is even remotely connected with agriculture, a storehouse the contents of which is yours for the asking.

The SPEAKER. The Chair will state to the gentleman from New York [Mr. LAGUARDIA] that he had agreed to recognize the gentleman from New York [Mr. DAVENPORT] first.

COMMITTEE ON WAYS AND MEANS

Mr. DAVENPORT. I would like, Mr. Speaker, to address the House for 15 minutes.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. DAVENPORT. Mr. Speaker and Members of the House, I wish to say a few words about alleged Ways and Means Committee leaks and secrecies recently animadverted to by the gentleman from Texas [Mr. GARNER], and I direct attention to a portion of his speech which mentions the gentleman from Rhode Island [Mr. ALDRICH] and myself, and which is related to a matter with which we are familiar, which involves a problem and paragraphs of the tariff bill which we have been working out together.

At one point in his remarks, in an outburst of tragic eloquence, the gentleman from Texas exclaimed:

Now, I wonder if it is true that the proposed provisions of the bill are becoming known to the country and to certain special interests of the country and that the House of Representatives and the balance of the country are kept in the dark.

Somebody—

Says the gentleman from Texas—

is getting information. Somebody knows about the new section B of paragraph 402 and gives the language of it. * * * For instance, a broker undertakes to describe this new section—

Says the gentleman from Texas, and he quotes:

Machine-finished paper, commercially known as newsprint, except paper commercially or commonly known as rotogravure paper, and used in the manufacture of newspapers.

Section B, paragraph 402—a broker in New York who knows an agreed-upon definition of newsprint paper after it has been submitted as a suggestion to the chairman of the free list and the chairman of the paper schedule, by those whom the gentleman from Texas refers to as the broker's associates in the East. As the printing-paper paragraphs have not even yet been finished by the Ways and Means Committee, it doth not yet appear what the final result will be. But to quote further from the speech of the gentleman from Texas:

This man says it has been agreed upon and that he has been advised to that effect. Now—

Declaims the gentleman from Texas—

if you know what a definition is to be, it is very important because sometimes a definition is more important than the rate. If you are advised as to what the valuations are to be in the new section B of

paragraph 402, it is important and the membership of the House ought to have an opportunity to have that information, the same as these gentlemen who are especially interested in having it.

I desire to make a few comments upon this extraordinary outburst. In the first place, I turn to paragraph 402 of the existing tariff schedules. I find it reads as follows:

Brier root, or brier wood, ivy or laurel root, and similar wood unmanufactured, or not further advanced than cut into blocks suitable for the articles into which they are intended to be converted, 10 per cent ad valorem.

Both the broker and the gentleman from Texas seem at least to have started from an inaccurate basis of reality. Paragraph 402 does not fit and there is no section B in the paragraph at all.

Comment No. 2: The leak to the broker and ultimately to the gentleman from Texas of the alleged agreed-upon definition of newsprint:

Machine-finished paper commercially known as newsprint, except paper commercially or commonly known as rotogravure paper—

the knowledge of which, according to the gentleman from Texas, may be very important and have some bearing on the question of valuations under the nonexistent section B of paragraph 402, relating to brier root, ivy, and laurel, is in reality nothing in the world but a clarified definition of standard newsprint already in the act, which in practically identical terms is to be found in the public hearings of the Ways and Means Committee on page 8356, a hearing at which the gentleman from Texas was present, or had full opportunity to be present, and at which even the broker from New York might have been present if he had wished.

So this alleged leak to the broker and ultimately to the gentleman from Texas turns out to be in substance a quotation from the testimony of a witness at the public hearing, intended to clarify in language the intent of Congress as to the kind of printing paper that should come in duty free under paragraph 1672. The paragraph has not yet been finally agreed upon by subcommittee or whole committee. It has no earthly or lunar relation to valuations or rates or leaks or secrecies. It has always been in the open. The broker or the gentleman from Texas could have read it in substance in the printed testimony and could have differentiated it from section B, paragraph 402, on brier root, ivy, and laurel, if either one of them had taken the trouble to inform himself. This episode indicates already that both the broker and the gentleman from Texas were catching at straws, without bothering too much about checking up on the facts.

Comment No. 3: Sadly enough for this legend of leakage and secrecies in the speech of the gentleman from Texas, sadly enough for the yearning broker with his flair for advance information, this definition of newsprint was not at all the problem which the gentleman from Rhode Island [Mr. ALDRICH] and I were working at, but merely an incident of the problem. The thing we were working at, and about which he and I as individuals, with responsibilities as chairman of the free list and of paper, inquired of publishers, paper manufacturers, the Government Bureau of Standards, the Government Printing Office, the Treasury, the customs appraisers, was a definition of book paper for paragraph 1301 of the paper schedule so as to distinguish it from newsprint.

Now, the broker and the gentleman from Texas could have gotten track of what is really the point at issue without resort to the theory of secrecy or leakage. This definition is in substance printed in the testimony of the public hearings at pages 6845 and 6846, volume 13, the schedule of papers and books.

When you read that suggested formula, you will see at once its close connection with valuations, rates, and important definitions which should be kept from selfish interests:

If any paper contains bleached chemical pulp (whether manufactured by sulphite, soda, sulphate, or by modified, or other cooking process), or if out of the total fiber content of any paper more than 30 per cent is unbleached sulphite, or if the weight of any paper (of which unbleached sulphite is less than 30 per cent of the total fiber content) is less than 30 pounds or more than 35 pounds per ream of 500 sheets, on the basis of 24 by 36 inches, or if the average thickness of any paper is less than three one-thousandths or more than four one-thousandths of an inch, or if any paper is in rolls less than 16 inches wide and less than 28 inches in diameter, or if any paper is in sheets less than 20 by 30 inches in dimension, or if any paper contains ingredients causing an ash content of more than 2 per cent, or if any paper contains ingredients whereby the rate of water penetration as determined by the copper plate method for running size tests with the valley size tester is greater than three seconds, or if the finish of any paper (as determined by an average of 10 tests, 5 on each side of the sheet, tests to be made at distances of at least 1 square inch apart and made with the

Ingersoll glarimeter) exceeds 47 per cent gloss * * * all such paper shall be dutiable.

This formula the Customs Service of the Government has been using a portion of for some time and you will at once observe that it needs very badly the technical advice of the expert. If the broker could only have known that this was the real subject matter of the alleged secret agreement and that he could find it in substance in the published hearings open to all, what a computation he could have made on valuations and rates, and how the stock tickers might have clicked with excitement!

As I say, we have not yet these newsprint paragraphs to suit us, therefore the broker and the gentleman from Texas must for a little time be in suspense. Mr. ALDRICH and I found the printed testimony insufficient, and so, in the performance of our duty, we have consulted and perhaps shall consult further publishers, paper manufacturers, the staff of the Bureau of Standards, of the Government Printing Office, and the Treasury. And when we are through and the paragraph is completed, we hope to have a formula that will serve the Government in its tariff administration. Every step in this task might go on under the pitiless eye of the gentleman from Texas and under the yearning curiosity of the inquiring broker.

There is one more declaration of the gentleman from Texas upon which I wish to comment. Referring to the recent public hearings upon tariff schedules, he says:

During these hearings it was distinctly stated and understood and an agreement was reached by the majority and the minority members, or I might say the entire committee, that when the hearings closed, no more information would be given to the committee upon which they would base their conclusions.

Certainly the understanding of the agreement by the gentleman from Texas could not have precluded any subcommittee chairman, responsible for a fair conclusion, from seeking for the facts from official sources, both public and private, if these facts were not revealed in previous testimony. As individuals, the chairmen of the subcommittees and other members must necessarily not be put into strait-jackets. When the testimony is studied it appears in certain instances that unless further inquiry is made, all possibility of a fair solution vanishes. The theory that the chairman or any other member should close his eyes and ears and mind to anything he might learn after the hearings, is puerile. Such an idea is born in the atmosphere of partisan suspicion and futility, and not in the free air of responsible men performing a task for the good of the country.

Mr. ALDRICH asks me to say to the House that he requested added information about paragraphs 1672 and 1301 after the hearings, from publishers and paper manufacturers, as I did from the Bureau of Standards, the Government Printing Office, and the Treasury. Mr. ALDRICH did right and a most serviceable action as will appear later, and I back him in it to the limit. [Applause.]

The gentleman from Rhode Island and I are all the more concerned to put before the House this simple recital of unassailable facts because we have no reason for membership in this body except a desire to earn and to deserve a reputation for careful loyalty to public duty. [Applause.] And if anything untoward or unfortunate should happen to any matter of consequence with which we are connected, for which we are responsible, we should feel like a soldier in time of war who had slept at his post.

The Ways and Means Committee is attempting to perform a monumental task, almost an impossible task. In this revision it has come to lean upon expert advice to an extent that perhaps it never did before. And the range of such expert studies must be widely increased in the future if Congress is to have a reasonable basis of fact upon which to formulate its tariff conclusions. There will no doubt be differences of opinion as to the justice of the revision, either in whole or in part. But I have marveled as a junior member of the committee at the tremendous industry and earnestness of the men who are doing the work. And I dislike it that there should go to the country, in advance of the report which the committee will shortly make to Congress, any unworthy innuendo of secret special influence that will tend to weaken the confidence of the citizens in the integrity of the committee's purpose. [Applause.] The amount and character of the protection, the conflicting claims of the producers and the consumers, the extent to which a sound foreign policy must modify protective practice, there will be difference enough of opinion in the country about that. But the debate should be carried on without recourse to rumor or innuendo.

I think our distinguished minority leader, whom I highly esteem, and who is much better informed on most matters than he seems to be on leaks and secrecies, should be reasonably con-

siderate of men who have toiled here at the task for nearly four months, while the Member from Texas, free from responsibility and worry, has no doubt been gleefully kicking up his heels in the green pastures of his native State. [Applause.]

Mr. GARNER. Mr. Speaker, I ask unanimous consent to address the House for 10 minutes.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. GARNER. Mr. Speaker and gentleman of the House, there was not a Member of this House who was more delighted than myself when the gentleman from New York [Mr. DAVENPORT] was assigned to the Committee on Ways and Means. I think he is a real contribution to that committee. He is a man of ability, a man of integrity, and to me the great thing about him was his position in reference to certain legislation which has met the approval of the House, and that was on the estate tax. I want to congratulate the Republican organization of the House upon assigning new members of the Committee on Ways and Means who have the same views on internal-revenue taxes, namely, the gentleman from New York [Mr. DAVENPORT], the gentleman from Iowa [Mr. RAMSEYER], and the gentleman from Wisconsin [Mr. FREAR], who, I understand, favor an estate tax.

I did not intend to say, and I do not say now, nor will the record show, that I cast any reflection on any members of the Committee on Ways and Means. I was criticizing the system and methods which have been adopted by the majority members of the Committee on Ways and Means in the consideration of the tariff bill. I do not think it ought to have been considered except by the entire committee, and since the committee was particularly anxious that the entire hearings should be had before the full committee I thought it was a little unjust, a little inconsiderate of the minority Members as well as of the majority membership of the House who are not members of the Committee on Ways and Means, to take additional testimony. I think so yet.

I did not intend to reflect on the gentleman from New York or the gentleman from Rhode Island [Mr. ALDRICH]. By the way, the gentleman from Rhode Island is a distinguished Member of this House and also a valuable contribution to the Committee on Ways and Means. I knew the father of the gentleman from Rhode Island, who was an eminent Senator from that State. When I first came to this body I did not have much admiration for him. I was not particularly impressed with his legislative integrity. But I learned better after I came to Congress through some very distinguished gentlemen from Texas, who were Senators at that time, and I now take pleasure in saying that he had a worthy son, now a Member of this House.

I only want to call attention to the fact that has been admitted by the gentleman from New York [Mr. DAVENPORT] that they had accepted and received and had worked upon, according to his statement, evidence taken from private sources after the hearings had closed.

Now, the gentleman from New York [Mr. DAVENPORT] admits that instead of the hearings having been concluded when we adjourned at the last session of Congress, they have opened them up, and he is now receiving, he says, from private sources information upon which he and the Republican members of the committee are drawing this bill.

I submit, as a matter of fairness, that the majority members of the Ways and Means Committee should not receive information from private interests without giving the same to the minority members and to the country.

When I called the attention of the gentleman from Oregon [Mr. HAWLEY] to that, he agreed that it ought to have been done, and here is the result [indicating manuscript]. There is not a Member of the Congress who can read this in three days. These are suggestions of private interests to the members of the Ways and Means Committee which was laid on my desk Saturday afternoon as a result of this demand for public hearing, and there is not a Member of the House who can even read it, much less digest it, in three days. Do you think this is proper?

When they gave you, Mr. DAVENPORT, the definition of print paper, why did you not give that information to the country? Why did you not give me an opportunity to answer that definition, and I think I could. I think I will refer to the effect of it at this moment. It is a newspaper proposition. You propose by that definition to release the newspapers from paying tariff taxes, and you propose by that definition to compel every child in this Union who goes to school and uses a tablet to pay the tariff taxes. That is the difference in the definition. Special private interests, powerful interests, are telling you how to write the definition, so they can be relieved of tariff taxation, while you tax every child who has to buy a tablet in which

to add up 2 and 2. This was wrong. You ought to have given it to the country. You started in on the 7th day of last month to prepare the bill, and you gave this additional information to the country on the 20th day of this month, and that is the first information this House or the country had as to what they had suggested since the closing of the hearings.

People interested in these matters had the right to reply. You did not give them a chance. That is unfair to the interests that are opposed to these suggestions.

What you ought to have done, when some gentleman came in to give you additional information, was what we did with respect to the public hearings—send it to the printer, let him print it, so the country could know what it was. You did not do this. Is this fair?

Now, you were talking about leaks. I did not refer to them the other day, but I will now since the gentleman from New York [Mr. DAVENPORT] has talked about leaks.

I read in a great New York paper, the Journal of Commerce, which is known as the financial paper in this country, the purported rates on textiles. Every Member of this House probably read that. I am satisfied that every Republican member of the Ways and Means Committee, that is making up this bill, has read it. Was it correct? I saw in the press, and I have been told authoritatively that one of the members of the Ways and Means Committee said that you had agreed upon a 3-cent rate on sugar. Is that so? Everything was to be considered as executive. The gentleman from Oregon [Mr. HAWLEY] told me that no one was to give out any information except himself. Did you give out, Mr. HAWLEY, information that the rate on sugar was to be 3 cents?

This is of some importance. Sometimes they speculate in sugar on the market, they tell me. This information went out, and the chairman of the committee, Mr. HAWLEY, ought to tell the country whether or not these leaks are correct. He does not do it, so the country can speculate.

But we have at least one thing. When the gentleman said that a subcommittee of the Ways and Means Committee was receiving additional information upon which to base this bill he was telling the truth. The gentleman from New York [Mr. DAVENPORT] was telling the truth, and he also says that the agreement made by the committee, which he does not deny, that the full, complete hearings were adjourned and that you were to get no information except from Government officials in order to clear up any technical matter, that that was not binding, although he was a member of the committee when the agreement was made. But it did not bind him, he said. It bound me and it bound everybody else.

Now, the gentleman says that I was down in Texas having a good time. I would like to have helped you draw this bill. I would have been glad to have contributed whatever service I could. I believe that is the way the bill ought to have been made up. I have repeatedly said I thought the tariff ought to be taken out of politics. You seem to want to keep it in politics. I want to make it a business transaction, and I want to determine in this way, if I can, the rates that ought to be applied to each and every paragraph in the proposed bill.

The SPEAKER. The time of the gentleman from Texas has expired.

Mr. CHINDBLOM. Mr. Speaker, I ask unanimous consent that the time of the gentleman may be extended five minutes. I want to ask him a question.

The SPEAKER. Without objection, the gentleman from Texas is recognized for five additional minutes.

There was no objection.

Mr. GARNER. I yield to the gentleman.

Mr. CHINDBLOM. I want to look at these sheets and ask what they are.

Mr. GARNER. They were sent to my office from the Government Printing Office by the gentleman from Oregon, Mr. HAWLEY. I understand they are additional hearings since the committee closed its hearings in February. The gentleman from Illinois can tell me whether or not that is correct.

Mr. CHINDBLOM. I will say to the gentleman that what I hold here, "Volume 17, Supplemental and Miscellaneous Briefs," are probably the briefs which were filed subsequent to March 2 and up to March 9, under the agreement which was made in an open meeting of the committee upon a motion which I made and which I think the gentleman supported.

Mr. GARNER. Yes.

Mr. CHINDBLOM. We had concluded the public hearings and an order was entered by the committee that up to and including March 9, persons so desiring might file additional briefs in written or printed form. This was done and that is the portion of the hearings to which reference was made. These briefs were all filed in accordance with the agreement made in the committee.

Mr. GARNER. Does the gentleman make a statement to the effect that not a thing in these documents, in substance, has come to the committee since March 9?

Mr. CHINDBLOM. I have not seen them and I do not know.

Mr. GARNER. I ask whether that is true.

Mr. CHINDBLOM. I have not seen them until this moment. I do know that they contain the material to which I have referred. It was very voluminous and it was brought in and filed with the committee in accordance with the unanimous-consent agreement that such Members might file written briefs after the close of March 2 and including March 9—only statements in writing.

Mr. GARNER. Mr. Speaker, does the gentleman contend that this document contains no information received by the committee since March 9?

Mr. CHINDBLOM. I have not seen the papers until this moment—if the gentleman will give me five minutes to look them over.

Mr. GARNER. I will say this: If it contains no information since that date the document is all right, but this committee should have printed it before. I venture the assertion that it does contain documents received after that time, and I venture the further assertion that if it does not contain them the gentleman from Illinois and his associates have received documents since that time on which they base their conclusions. If you did receive documents after that time it was your duty to give them to the membership of the House, and you did not do it.

Mr. CHINDBLOM. Will the gentleman say that the documents which I have described, volume 17, does contain matters that were filed since that time?

Mr. GARNER. I do not, for I have not had time to read them, but I do say, and this the gentleman will not deny, that he and his associates have received information from private sources since that date upon which they are basing this bill. [Applause.] If you have received private information since the hearings you should have published them as quick as you received them—had them printed and given to the membership of the House and to the country.

Mr. TREADWAY. Will the gentleman yield?

Mr. GARNER. I yield to the gentleman from Massachusetts.

Mr. TREADWAY. How long have the documents to which the gentleman refers been in his hands?

Mr. GARNER. Since last Saturday afternoon.

Mr. TREADWAY. And the gentleman states that he has not had time to look them over since Saturday morning and does not know whether they contain information filed later than March 9?

Mr. GARNER. I wonder why it was that the documents were not printed on March 9. They were all in then. If they were in, and a part of the record on March 9, why were they not printed; why are you keeping them back until April 20?

Mr. CHINDBLOM. I presume the gentleman wants me to go into a detailed description of the workings of the Printing Office and tell why it was necessary to sort out the material and place them under the paragraphs where they belong. We have been delayed in receiving the printed matter through no fault of the members of the committee.

Mr. GARNER. Mr. Speaker, the strange thing to me is that after Congress had adjourned and we had printed 13,000 pages of the hearings the Printing Office is so busy, so congested with work, that after March 9, it took them until April 20 to print a little document like this. That can not be true. [Applause.]

The SPEAKER. The time of the gentleman has expired.

Mr. DAVENPORT. Mr. Speaker, I would like to have three minutes.

The SPEAKER. The gentleman from New York asks unanimous consent to address the House for three minutes. Is there objection?

There was no objection.

Mr. DAVENPORT. Mr. Speaker, there are very few matters in the reply of the gentleman from Texas which particularly refer to the portion of his speech which I was discussing. But there are two or three points worth noting. The gentleman from Texas wished to know why Mr. ALDRICH and myself, as soon as we received suggestions from official sources, public and private, after the hearings, did not immediately go to the country with them. I read you the scientific formula which we were at work on. If we had gone to the country with it, it would have helped a lot. [Laughter.]

Mr. CHINDBLOM. And that same formula is now in the printed hearings.

Mr. DAVENPORT. There is no doubt about it; and the substance of it is used by the Customs Service already.

Mr. GARNER. Mr. Speaker, will the gentleman yield?

Mr. DAVENPORT. Yes.

Mr. GARNER. Has the gentleman received any information since the hearings were closed from any private sources concerning the proposed provisions of the bill?

Mr. DAVENPORT. From private official sources.

Mr. GARNER. What is a private official source?

Mr. DAVENPORT. I call a private official source under the paper schedule such an organization as the Paper and Pulp Association or the Publishers Association, one of the great associations which has its experts who can furnish suggestions side by side with the experts of the Government.

Mr. GARNER. In other words, the gentleman has received information from private sources from those gentlemen who were interested in the particular tariff rates.

Mr. DAVENPORT. We did not simply receive it from them. We sent for it.

Mr. GARNER. And after you sent for them and they gave you this information, did you have the information printed?

Mr. DAVENPORT. The information was entirely with reference to the scientific formula, and we had it tested first by the Bureau of Standards and the Government Printing Office and by the Treasury and by the customs authorities, and in good time it will come to the House, and in the meantime the matter is under advisement.

Mr. GARNER. We had hearings for all those purposes that you have received information about from private officials, corporations interested in rates and definitions. Have you printed that information and do you propose to give that information in the form of hearings, printed, to the House of Representatives and to the country?

Mr. DAVENPORT. We propose to give the substance of that information in the report to the House.

Mr. GARNER. In other words, the Wood Pulp Association has suggested a definition.

Mr. DAVENPORT. The Paper and Pulp Association.

Mr. GARNER. The Paper and Pulp Association has suggested a definition.

Mr. DAVENPORT. At the request of the chairman of the free list, Mr. ALDRICH.

Mr. GARNER. At the request of Mr. ALDRICH, the chairman of the free list?

Mr. DAVENPORT. That is right.

Mr. GARNER. And that request was made after the hearings were closed, and the response to that request was given after the hearings were closed. If you had published that statement would not the country have had an opportunity to give you information in opposition to that before you make up your bill?

Mr. DAVENPORT. The information that came was in the nature of the refining of a scientific formula at present in use by the Government, and to have rushed it immediately before the country would have been a foolish thing to do, would it not? The proper advisers on that are the experts in the Bureau of Standards, in the Treasury Department, in the customs department, and the Government Printing Office.

Mr. GARNER. We completed our hearings, and the gentleman from Rhode Island [Mr. ALDRICH] and the gentleman from New York [Mr. DAVENPORT], or at least the gentleman from Rhode Island, decided that there was not sufficient information.

Mr. DAVENPORT. And I backed him up in it.

Mr. GARNER. And the gentleman backed him up, and you sent for some officials of the Paper and Pulp Association, some officers of that association, to refine the definition.

Mr. DAVENPORT. No; let us get that right.

The SPEAKER. The time of the gentleman from New York has expired.

Mr. DAVENPORT. Mr. Speaker, I ask unanimous consent to proceed for five minutes more.

The SPEAKER. Is there objection?

There was no objection.

Mr. GARNER. Mr. ALDRICH asked the experts of this association to come here?

Mr. DAVENPORT. Mr. ALDRICH asked the officials to furnish suggestions, and they did.

Mr. ALDRICH. Mr. Speaker, in the hearings the American Pulp and Paper Association had one definition and the American Newspaper Publishers' Association another. Apparently there was a conflict between those two definitions. I asked the representatives of those two associations if they would not submit a definition which was not in conflict for the consideration of the committee—not that it would necessarily be acted upon, but I simply asked them to clear up the language of the two definitions which the two organizations had submitted to the committee originally in the hearings.

Mr. DAVENPORT. Mr. Speaker, I have just two or three minutes left, and have only one or two more suggestions to make. So far as concerns any alleged hard-and-fast agreement

between the majority and the minority members of the Ways and Means Committee about the acceptance of any information whatever from any private official or public source after the hearings, I think that is altogether too broad a statement of it. If I had thought it involved no consultations about any item which was confused in the testimony and which was unfrank and unbelievable—if I had thought that I could not consult real experts with respect to that item afterward, do you suppose for a moment that I would have agreed to any such an arrangement as the gentleman from Texas says we agreed upon? It seems to me it would have been perfectly stupid to have done that. In every item where there is a question, I think it is the duty of the chairman of the subcommittee, who is responsible, to see to it that he gets every bit of information that he can; and, of course, it is clearly so when with reference to an intricate, scientific formula like this; and I say to the gentleman from Texas that he must have reformed since 1913, because the Underwood tariff bill was drawn by the Democratic majority then exactly as this bill is being drawn now, and under the same rule, and the Republicans were barred.

Mr. GARNER. Mr. Speaker, will the gentleman yield?

Mr. DAVENPORT. Yes.

Mr. GARNER. I said then, and I say now, that that was wrong. The Democrats make mistakes, but that does not justify the Republicans in doing the same thing.

Mr. DAVENPORT. But I ask the gentleman from Texas whether he fought on the floor of the House then to have it changed as he is doing now under a Republican régime? [Applause on the Republican side.]

SWEARING IN OF MEMBERS

Mr. CLELLER appeared at the bar of the House and took the oath of office.

Mr. HASTINGS. Mr. Speaker, unfortunately my colleague from Oklahoma [Mr. McCLINTIC] is unavoidably absent from the House on account of very serious illness. He probably will not be able to be in attendance here for a considerable time, and I ask unanimous consent to submit for present consideration a resolution authorizing him to be sworn in.

The SPEAKER. The Clerk will report the resolution presented by the gentleman from Oklahoma.

The Clerk read as follows:

House Resolution 27

Whereas JAMES V. McCLINTIC, a Representative from the State of Oklahoma, from the seventh district thereof, has been unable from sickness to appear in person to be sworn as a Member of the House, and there being no contest or question as to his election: Therefore be it

Resolved, That the Speaker, or deputy named by him, be, and he is hereby, authorized to administer the oath of office to said JAMES V. McCLINTIC at Rochester, Minn., and that the said oath, when administered as herein authorized, shall be accepted and received by the House as the oath of office of the said JAMES V. McCLINTIC.

The SPEAKER. The question is on agreeing to the resolution.

The resolution was agreed to.

The SPEAKER. The Chair designates the Hon. Vernon Gates, judge of the third judicial district, Rochester, Minn., to administer the oath of office to the gentleman from Oklahoma [Mr. McCLINTIC].

Mr. LAGUARDIA rose.

Mr. ASWELL. Mr. Speaker, I call for the regular order.

COMMITTEE ON WAYS AND MEANS

Mr. TREADWAY. Mr. Speaker, I ask unanimous consent to address the House for four minutes.

Mr. ASWELL. I shall object to further requests for grants of the right to speak.

Mr. LAGUARDIA. I do not think the gentleman should object. I also desire to consume a few minutes. I was on my feet requesting time.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts [Mr. TREADWAY]?

There was no objection.

The SPEAKER. The gentleman from Massachusetts is recognized.

Mr. TREADWAY. Mr. Speaker, I had hoped that the tariff discussion would start next week instead of to-day. The gentleman from Texas [Mr. GARNER] is ready to entertain suspicion at all times; he is already seeing red on the tariff; and he is living up to his reputation to-day. He admits that he had in his possession, and has had since Saturday morning, certain information, and, while it is contained in but a few sheets of paper, he says he has not had time to find out whether there is anything in it which justifies the remarks he has made this morning. I think the gentleman might have taken a little time

out of his church service to find out the contents of those papers before he makes accusations against his fellow members on the committee.

Now, I want to say, as one of the members of the Committee on Ways and Means, that I have looked for information on the textile schedules since the 9th of March. The subcommittee of which I am chairman has traveled throughout New England and in New York State and in New York City and in the South to get information at first hand. We are glad we went and got it. We would have been glad to have had the gentleman from Texas with us, because I think he would have learned something if he had joined us on these trips.

Mr. GARNER. Mr. Speaker, will the gentleman yield?

Mr. TREADWAY. I will yield, although I have only four minutes.

Mr. GARNER. I know the gentleman is informed concerning this bill. Is the statement in the Journal of Commerce correct?

Mr. TREADWAY. I have not seen the paper. I do not know whether it is right or wrong, but in any event it was not given out officially by anybody. The rates have not been agreed upon by the subcommittee or by the full committee. I say that for the gentleman's information. Perhaps that is the information he is looking for. The subcommittee has not yet agreed upon a rate, so that if he wants to go to the Journal of Commerce or any other nonofficial source for information, he is at liberty to go there and get it. There has been no information given out by the full committee or by the subcommittee. That is a truthful answer to the gentleman's statement.

The gentleman is quoted in the press yesterday to the effect that he had "smoked us out," and that he had smoked out the Secretary of State. What a ridiculous statement for the gentleman from Texas to make, because the information that the Secretary of State brought to the Republican members of the Committee on Ways and Means was, according to the agreement, ordered to go in print before the Secretary ever left the Ways and Means Committee room. And yet the gentleman from Texas is conceited enough to think that he "smoked us out." He did nothing of the kind. [Applause.]

There is another thing about this long debate here in connection with the gentleman from Texas. Certainly he has not done much toward the writing of the bill. I call his attention to the fact that the Republican members of the Committee on Ways and Means had no part in the preparation of the Underwood tariff bill. I was here at that time. But we are not going to be as close as that. But the gentleman's party was right then, and we are right now, in having the party in power write the tariff law. [Applause.]

The SPEAKER. The time of the gentleman from Massachusetts has expired.

ALIEN PROPERTY

Mr. LAGUARDIA rose.

The SPEAKER. The gentleman from New York [Mr. LAGUARDIA] asks unanimous consent to proceed for five minutes. Is there objection?

There was no objection.

Mr. LAGUARDIA. Mr. Speaker, I want to take only a few minutes to call attention to some misrepresentations that are being made concerning the return of property now in the hands of the Alien Property Custodian. Owners of such property are importuned by collection agencies, lawyers, and others who seek retainers on a contingent basis. Claimants are entitled to the return of 80 per cent of their property. Retainers are sought on innuendos that payments are delayed unless claims are turned over to such parties for collection. I have here a letter written by a solicitor or collection agent in Berg, Germany. I am informed that he has circularized many of the people having property in the hands of the Alien Property Custodian. Here is the letter. I will purposely omit the name of this man as I do not want to advertise him. The letter is dated March 30, 1929:

BERG, March 30, 1929.

It might interest you to know that I have had splendid results in collecting moneys due Germans that are in the hands of the Alien Property Custodian in America in a very short time. I take the liberty, therefore, of stating the following:

The Alien Property Custodian has paid, up to March 1 of this year, 294 claims. This does not represent even 8 per cent of the claims that have been handed in. It is easy to understand, then, in view of this, that it will require many years to regulate and pay all of the claims.

In case it would be your wish to receive, at the very latest, within three months, 80 per cent of your claim, I would be very willing to take up the matter with you personally. I also wish to emphasize that my efforts require no advance fees.

Should you then think it worth while to receive 80 per cent within 90 days, I would ask you to kindly make an appointment with me.

It will be seen that this letter seeks to convey the idea that the writer can obtain results within 90 days, while if he is not retained it will require many years, to use his own language, before the claimants can receive payment. The whole letter is misleading and misrepresents the facts. As a matter of fact, from the figures which I obtained from the Alien Property Custodian, I find that to date 777 claims have been paid. In addition to that, 376 claims have been entirely approved by the Alien Property Custodian and transmitted to the Treasury Department for payment. This makes a total of 1,144 claims already cleared by the custodian. Inasmuch as the smaller claims are being solicited, I inquired from the Alien Property Custodian as to the percentage of smaller claims being paid. I find that 114 claims between \$10,000 and \$20,000 and 93 claims between \$5,000 and \$10,000 have been paid. Of claims under \$5,000, 280 have been paid. The smaller claims have by no means been neglected, as will be seen by a comparison of the figures I have just quoted. Here are the number of claims and the amounts paid to date:

Classification of war claims paid

| | |
|-------------------------------------|-----|
| Over \$2,000,000 | 8 |
| Between \$1,000,000 and \$2,000,000 | 5 |
| Between \$500,000 and \$1,000,000 | 15 |
| Between \$400,000 and \$500,000 | 6 |
| Between \$300,000 and \$400,000 | 11 |
| Between \$100,000 and \$300,000 | 68 |
| Between \$75,000 and \$100,000 | 25 |
| Between \$50,000 and \$75,000 | 33 |
| Between \$40,000 and \$50,000 | 27 |
| Between \$30,000 and \$40,000 | 41 |
| Between \$20,000 and \$30,000 | 51 |
| Between \$10,000 and \$20,000 | 114 |
| Between \$5,000 and \$10,000 | 93 |
| Under \$5,000 | 280 |
| Total | 777 |

The forms, application blanks, and all information are available and furnished by the Alien Property Custodian. Naturally, proper proof must be submitted, and in many cases, where the original owner is dead, it is necessary to submit proof of the relationship and rights of the plaintiffs to the property. All these details and instructions are furnished by the Alien Property Custodian. It is well that people residing abroad having property in the hands of the Alien Property Custodian should know that none of these solicitors or agents have any special influence, and that if an agent or solicitor or lawyer can get payment in 90 days, as represented in the letter I have just read, it is possible for the original claimant to get paid just as quick without the necessity of paying any commission to anyone.

I simply want to make this statement at this time so it will be known by persons having property in the hands of the Alien Property Custodian that the facts stated by these agents are not true; that the American Government is proceeding with due diligence to the payment of these claims; and I feel I voice the sentiments of the House when we advise all claimants that it is not necessary to retain a lawyer or a collection agency or to pay one cent of commission. If they will write to the Alien Property Custodian they will be given the forms and all information necessary and payments will be made just as quick, if not quicker, than through a collection agency. [Applause.]

Mr. LINTHICUM. How many unpaid claims are there?

Mr. LAGUARDIA. There are 2,000 in course of settlement.

ORDER OF BUSINESS

Mr. TILSON. Mr. Speaker, on account of the amount of time used on extraneous subjects this morning and on account of additional demands for time in general debate it has become evident that to-day will not be sufficient time to complete general debate on the farm relief bill. In order that there may be ample time and that no one may be crowded out who wishes to speak on this subject, I ask unanimous consent that general debate may run through to-morrow under the same conditions as heretofore agreed upon.

The SPEAKER. The gentleman from Connecticut asks unanimous consent that general debate on the bill H. R. 1 be prolonged over to-morrow under the same conditions as heretofore. Is there objection?

Mr. LARSEN. Mr. Speaker, reserving the right to object—and I shall not object—I would like to know when we will probably vote on the bill, because there are a few Members absent who have asked me to notify them when to be here in order to vote?

Mr. TILSON. If the request I have just made is granted, the extension will give sufficient time so that we may begin reading the bill under the 5-minute rule on Wednesday.

Mr. LARSEN. Then we will hardly have a vote until Thursday?

Mr. TILSON. Two days will probably be sufficient under the 5-minute rule; but that is only a guess.

Mr. ASWELL. Will the gentleman yield?

Mr. TILSON. Yes.

Mr. ASWELL. If all the gentlemen who have requested time on this side take it, I have requests now for seven hours on this side unfilled.

Mr. TILSON. The gentleman may consume seven hours to-day and to-morrow and still finish general debate under this agreement.

Mr. ASWELL. Not unless some of the gentlemen voluntarily agree to cut down the time requested.

Mr. JONES of Texas. Mr. Speaker, reserving the right to object, I have some requests for time and I would like to be allotted an additional 20 minutes. I have had requests that I can not comply with, and I think I ought to be allotted 20 or 30 minutes additional. I did not ask for anything additional on the first extension of time, but I think I ought to have this time if the extension is granted.

Mr. HAUGEN. I will be pleased to yield the gentleman the 20 minutes.

The SPEAKER. Is there objection to the request of the gentleman from Connecticut?

There was no objection.

FARM RELIEF

Mr. HAUGEN. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill (H. R. 1) to establish a Federal farm board to promote the effective merchandising of agricultural commodities in interstate and foreign commerce, and to place agriculture on a basis of economic equality with other industries.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union, with Mr. MAPES in the chair.

The Clerk read the title of the bill.

Mr. ASWELL and Mr. JONES of Texas rose.

Mr. ASWELL. Mr. Chairman, I yield to the gentleman from Texas.

Mr. JONES of Texas. Mr. Chairman, I desire to be recognized for perhaps 10 minutes.

Mr. Chairman, I have very great admiration for the President of the United States. He is a man of great ability. He possesses broad knowledge. He has had an extensive experience in many fields. In the light of these facts his debenture letter is the most amazing communication to which he has ever given utterance.

His discussion is wholly theoretical. Every objection which he makes to the debenture plan applies with equal force to any tariff system. Yet we have the tariff system as a practical matter.

The debenture plan merely complements the tariff and makes it effective on surplus crops on which a direct tariff can not be made effective.

If the plan is so childish and silly, why did England keep it in effect for more than 100 years or, in other words, as long as her limited acreage could possibly produce surplus crops? Why, after trying out the law as an experiment, did she in reenacting the law, recite in the preamble that—

forasmuch as it had been found by experience that the exportation of corn, wheat, and barley into foreign parts when the price thereof is at a low rate in the Kingdom had been a great advantage not merely to the owner of the land but to the trade of the Kingdom in general—

as a reason for its reenactment?

If it is so absurd, why did Alexander Hamilton, the patron saint of the tariff, say in his report On Manufactures in 1791 that the true way to conciliate the conflicting interests between agriculture and industry was the bounty system, payable out of the receipts of the tariff?

The President makes the objection that it will cause overproduction. It will not do so to any greater extent than any farm measure that will increase the price to the farmer. Is the President opposing any kind of farm relief that will increase the price of the farmer's products? On this basis alone can there be any effective relief? The farmer has sense enough to know that overproduction causes trouble under any system. The same curb on production can be applied on this as can be applied to any relief bill.

Another objection is that the dealers would get the benefits rather than the farmer. This was not true in England. It is not true in Germany, Czechoslovakia, nor in Sweden, where the plan is in operation. Just why would it be true in America?

In this connection may I ask if the plan would not give any of the benefits of an increased price to the farmer, why would it stimulate overproduction?

Mr. COLE. Will the gentleman yield?

Mr. JONES of Texas. I repeat that question. If it would not give the farmer an increased price, why would it stimulate overproduction?

Does the gentleman from Iowa want to answer that question?

Mr. COLE. I want to ask the gentleman a corresponding question.

Mr. JONES of Texas. I do not care to yield for that.

Mr. COLE. Well, I will answer the question.

Mr. JONES of Texas. I prefer to finish my statement, and then, if I have time, I will yield to the gentleman.

The President using wheat as an illustration says the price would not be reflected back to the farmer. If not, then the cooperative organizations by exporting themselves could get 20 cents per bushel more than the nonmembers, and you would instantly have practically 100 per cent cooperative organizations in every community. Besides, in such an event, the stabilization corporations provided in this bill could become rich by this added advantage, and these corporations are to be owned and controlled by the farmers.

Mr. SPROUL of Kansas. Will the gentleman yield?

Mr. JONES of Texas. Yes.

Mr. SPROUL of Kansas. Is it not a fact that the debenture plan is inconsistent with the so-called cooperative plan?

Mr. JONES of Texas. No; it is not. It is merely supplementary. It does not in any way interfere with the powers of the board as set out in the bill. It simply adds an additional power to be utilized in the discretion of the board.

The tariff system is already in effect. It can not benefit the producers of our great staple agricultural commodities, because they are produced in surplus quantities, yet all of the supplies and utensils which are used in producing these commodities must be bought at increased prices behind the tariff wall. Is there anything unfair in restoring to the producer of these crops what is taken away from him now under the tariff system as applied on the things that he must buy? That is simply equality, and the farmer is entitled to nothing less.

If the President does not want this plan, which would give increased prices and equality to the farmer, then what does he have to offer? I shall be glad to support any plan which does this. I am not interested in any plan which will not give the farmer better prices. Anything which does not would be futile.

Mr. ASWELL. Mr. Chairman, I yield 20 minutes to the gentleman from Mississippi [Mr. WHITTINGTON].

THE FEDERAL FARM BOARD, THE HOPE OF AGRICULTURAL EQUALITY AND INDEPENDENCE

Mr. WHITTINGTON. Mr. Chairman and members of the committee, I shall cooperate with the administration and with all the friends of agriculture to secure the passage of the pending farm bill.

For the first time Congress has been assembled in extra session to solve the farm problem. It is a day of new hope for agriculture. It is the time to reconcile differences of plans and to unite upon the principles upon which all are in accord. The problem of farm relief should not be delayed, hindered, or wrecked by the advocacy of plans about which there is substantial disagreement.

THE POLICY

The purpose is to place agriculture on a basis of economic equality with other industries, and at the same time preserve the economic independence of the farmer. The policy is to promote effective merchandising of agricultural commodities, to stabilize prices, to aid in preventing and controlling surpluses, to provide for the control and disposition of the surplus of agricultural commodities, to establish stabilization corporations, and to provide insurance against seasonal declines in price. The aim is to encourage the organization of cooperative associations to accomplish these purposes.

Agricultural incomes to-day are insufficient to pay a fair return on the value of the capital invested with a fair wage for the farmer's labor, or with a wage that will enable the farmer to maintain a standard of living similar to other people of like ability. A good crop should bring prosperity and not bankruptcy to the farmer. The seasonal surplus promotes the progress of the Nation. It is security against want and privation. It will protect against exorbitant prices. It means safety in the event of war.

THE BOARD

The Federal farm board is the central factor in the pending legislation. The hope of agriculture depends upon the proper functioning of the board. It holds the key that will unlock the door to agricultural success.

The board is vested with broad powers. It is essential that the agency of the Government to promote the policies which I

have enumerated and about which there is substantial agreement be vested with liberal power and authority and with resources to make possible economic equality and to provide for the control and disposition of either a domestic or world surplus. If the members of the board are determined to remove the shackles of agricultural slavery, it will succeed. If the board is not in sympathy with the policy to redeem agriculture, it will fail.

ANALYSIS AND SUGGESTED AMENDMENTS

A brief analysis of the essential provisions of the bill should be helpful. I make some suggestions that I believe are constructive.

While it is the declared policy in section 1 to provide for the surplus, the emphasis is upon preventing and controlling the surplus. I think it important to provide for the disposition of the surplus in connection with the control. I suggest that the policy of surplus control, with relation to crops of which we produce an exportable surplus like cotton and wheat, can be promoted by amending section 1 and by inserting after the word "agencies," in line 10 on page 2, the following:

By providing for the control and disposition of the surplus of any agricultural commodity.

There should be advantageous foreign as well as domestic markets for world products.

A more serious matter, however, is the language of the bill to prevent overproduction. Section 5, paragraph (e), page 10, which I quote, provides:

No loan or advance or insurance agreement under this act shall be made by the board if in its opinion such loan or advance or agreement is likely to increase substantially the production of any agricultural commodity of which there is commonly produced a surplus in excess of the annual domestic requirements.

I doubt if this language is adequate to give relief to the crops, of which an exportable surplus is produced. I am frank to say that it is the intention of the bill to prevent the overproduction of these crops in excess of the world's need, but at the same time to give relief in the merchandising and marketing of these crops. It is not the intention to deny loans or advances or insurance to crops of which we produce an exportable surplus. The report of the committee is of aid in determining the intent. The debates should be of assistance in arriving at the intent of Congress. The committee in its report under paragraph E, page 11, states:

It would be no service to agriculture where the total world production in many crops affects the price to further increase our production and thereby further decrease the world price.

Again the report says:

This does not limit the board's power to assist surplus crops where such assistance can be given without further substantially increasing production.

The report of the committee makes clear the intent of the bill. To remove any doubt and in fairness to crops like cotton, wheat, and corn, I respectfully suggest that an amendment be inserted at the end of line 26, page 10, in the following words: "Or in excess of the requirements for orderly marketing."

Mr. GARBER of Oklahoma. Mr. Chairman, will the gentleman yield?

Mr. WHITTINGTON. In a moment.

One of the avowed policies of the bill is to aid in the control and disposition of surpluses. This relief should not be denied where the production is in excess of the world's needs, due to weather and seasonal conditions.

It is the purpose of the board, in the language of the report of the committee, page 7, to prevent the farmer's most disastrous trouble in the past, namely, that often his largest crop has produced his smallest return. I now yield to the gentleman from Oklahoma.

Mr. GARBER of Oklahoma. The foundation of the marketing organization sought to be set up by this bill is the cooperative associations, and that provision is the one incentive and inducement given for outside producers to join the cooperatives.

Mr. WHITTINGTON. I shall come to that in a moment. I did not yield for a statement, but for a question which I thought the gentleman wanted to ask in connection with this particular matter of the power of the stabilization corporations. I think it can serve no good purpose to further prolong this debate unless discussions are confined to the analysis of the provisions of the bill so that the board may have the benefit of the intent and the purpose of the Congress in the enactment of the legislation. The board with its broad powers—and they ought to be broad and liberal—is the determining and central factor of the legislation.

A stabilization corporation will not be recognized unless the board finds that the market situation requires its operation. There must be an emergency. It involves the surplus crop. The bill provides for advances to stabilization corporations. These corporations are to have the power to produce, store, and merchandise, and otherwise dispose of the commodity. I understand that it is the intent of the bill and that it was the intent of the committee to give the stabilization corporations the power to purchase the commodity of producers, whether they be members or stockholders or not. I doubt if the provisions of section 6 are capable of such construction. I raise the question as a friend of the bill.

The section provides that all outstanding voting stock or membership interests in the stabilization corporation must be owned only by cooperative associations handling the commodity. What is the language of the bill with reference to whose commodity the stabilization corporations may purchase? It is contained in paragraph (b) of section 6, which I quote:

The stabilization corporation for any agricultural commodity may act as a marketing agency for its stockholders or members, and upon request of the advisory commodity committee for the commodity the board is authorized to make advances to the stabilization corporation for working capital to enable it to purchase, store, merchandise, or otherwise dispose of the commodity.

The language quoted indicates that the stabilization corporation is confined to the purchase of the commodity of the producers only who are members or stockholders of the corporation. It is confined to the purchase from cooperative associations only. It can only buy from its member associations. It might very easily happen that the holdings of the members would not be sufficient to absorb a sufficient quantity of the commodity to prevent unduly depressing the price. If the stabilization corporation is to be permitted to market the product of producers who are not members, the bill should so provide. If the stabilization corporation is to prevent undue and excessive fluctuations in price, it ought to have the power to prevent speculative and seasonal depressions. It should have the power to purchase from producers, whether members or not. I therefore suggest that the following language should be inserted after the word "commodity," in line 2, page 12, the following words: "of producers, whether members or stockholders or not."

The amendment I suggest would not deprive cooperative marketing associations of their advantages in the operations of stabilization corporations. Only cooperatives would participate in the profits. By having the power to purchase the commodity of the producer, whether a member or not, the stabilization corporation could stabilize the price. I therefore respectfully suggest that the language which I propose would effectuate the intent of both the bill and the committee.

Mr. OLIVER of Alabama. Will the gentleman yield?

Mr. WHITTINGTON. Yes.

Mr. OLIVER of Alabama. The gentleman's interpretation is in conflict with the statement made by the members of the committee. It occurs to me that certainly there would be no objection to clarifying the language of the bill.

Mr. WHITTINGTON. I am in accord with the statement and agree in the conclusion.

It has been my idea all along that the stabilization corporations provided for by this legislation were not confined in their operation to the marketing or purchasing of the products of their members. But I am not alone in my interpretation. I call attention to the leading article in the New York Times of yesterday, Sunday, April 21, 1929, on this question of agricultural relief by Mr. John Hanna, formerly special assistant to the Attorney General and counsel for the War Finance Corporation, who has made a careful study of agricultural legislation. His interpretation of that act is my interpretation. I assure you that as a friend of the legislation the suggestions that I make are constructive and intended to perfect the bill.

Mr. OLIVER of Alabama. The gentleman from Kentucky [Mr. KINCHELOE] according to my recollection stated that the loan for the purpose of advancing money would be limited to the members of the cooperative association borrowing for that purpose, but where it was made for the purpose of stabilizing the crop, then the stabilization corporation could purchase from the outside.

Mr. WHITTINGTON. I recall the statement. But the language might prevent the application of his interpretation, and the purpose of this debate is to perfect undoubtedly, among other things, this language if it does not now effectuate the intent to which you refer.

CONSUMERS PROTECTED

There is no real conflict between the producer and the consumer. The aim is better marketing, the elimination of waste and speculation. The purpose is justice to the producer and

the consumer. The representatives of some of the consuming sections of the country have expressed apprehension that distress would result to domestic consumers. Such apprehension is without foundation. Section 6, paragraph (c), page 12, distinctly provides that the stabilization corporation shall not withhold any commodity from the domestic market if the prices thereof have become unduly enhanced, resulting in distress to domestic consumers. The consumer is protected. The producer would be more than satisfied to receive the price paid by the consumer less a reasonable cost for marketing and distribution.

COOPERATIVE MARKETING PROMOTED

The question, as suggested by my friend from Oklahoma, is frequently asked: "How does the proposed bill promote cooperative marketing?" The answer is to be found in the authority of the board to enter into insurance agreements and in restricting the voting stock and the membership of stabilization corporations to cooperative associations handling the commodity. The insurance provisions are applicable only to cooperative associations, and only members of cooperative associations will share in the profits of stabilization corporations. I am doubtful about the wisdom of limiting the profits of stabilization corporations to associations. The producer who is compelled to sell in a depressed market will not be protected. I think that other inducements might well be extended to encourage the organization of cooperative associations.

Provisions could be made for the marketing of surplus crops through the agency of the associations and for the absorption of any losses by the stabilization corporations.

THE SURPLUS

The safety of the Nation depends upon the surplus, and it should be marketed in the interest of the producer. I believe that the stabilization corporations can be operated with great benefit to the farmer in handling a surplus crop. I am thinking in terms of cotton. I am familiar with this industry. The revolving fund will be a determining factor in stabilizing the price of cotton. The resources of the board can be utilized to prevent excessive depression of the market.

SURPLUS OF 1925

I call especial attention to the statement of Mr. O. F. Bledsoe, president of the Staple Cotton Cooperative Association of Mississippi, which may be found in the hearings of the House committee on April 4, 1929, and on page 758. It is the only concrete example of the operations of a surplus crop by a cooperative association. It is a fair example of the operations of a proposed stabilization corporation.

Mr. Bledsoe is a successful cotton producer and one of the most capable executives in the South or the country.

The cotton crop of 1925 was the largest on record. It was approximately 18,500,000 bales. The Staple Cotton Cooperative Association handles primarily what is known as Delta staples. The average production is about 550,000 bales. The production of Delta staples in 1925 was approximately 950,000 bales. By December 1, 1925, the price had been depressed to the point of bankruptcy.

The Staple Cotton Cooperative Association thereupon advanced to its members approximately the prevailing market price for the low-grade staple cotton. A surplus pool for low-grade cotton was organized. Immediately the price was stabilized, and the farmer could secure from the association an advance substantially equal to the market price of the cotton. It was demonstrated, therefore, by this operation that the Federal farm board, in the pending legislation, by the proper use of advances from the revolving fund, may actually stabilize the price so that the grower will receive at least the price of efficient production.

The surplus crop of 1925 was followed by another surplus crop in 1926. This was unusual. One surplus crop seldom follows another. There was a profit to the members of the association of \$2,300,000. It took something like 21 months to market the surplus pool. All of the surplus Delta staples were not handled by the association. With a surplus of about three to four hundred thousand bales, only 100,000 bales were handled by the association. The weight was taken from the market and the price was stabilized at the price of the advances made to the grower by the association. The member was permitted to withdraw from the association at his discretion.

Mr. OLIVER of Alabama. Will the gentleman permit an interruption there?

Mr. WHITTINGTON. Yes.

Mr. OLIVER of Alabama. What was the capital stock of your stabilization corporation?

Mr. WHITTINGTON. There was no stabilization corporation. I said the surplus staple crop in 1925—and we had the unusual circumstance of having that surplus crop followed by

another surplus crop in 1926—was handled by the cooperative association itself, and I took the operations of that association in 1925, which had begun business in 1920, and I undertake to say that it is one of the most successful, if not the most successful, cotton cooperative associations in the United States, operated by men who are experienced in the production as well as in the merchandising of cotton, to serve as an example of the benefits of stabilization corporations.

Mr. OLIVER of Alabama. I think that will serve as a very useful example, but I thought perhaps, following that up, the gentleman could likewise give us some information as to how the stabilization corporation should be financed in order that it might have borrowing power.

Mr. WHITTINGTON. I will be very glad to do that, and in this connection I call attention to the further statements of Mr. Bledsoe and of Mr. Stone, the vice-president of the association, both of whom have given statements to the committees of the Senate and of the House in the hearings of 1927 and 1928; and Mr. Bledsoe, as I have already stated, has given a statement in the hearings before the House committee and the Senate committee in 1929.

SURPLUS POOL

I call attention to a sound plan for the handling of a surplus crop, proposed by Mr. Bledsoe, and it may be found in the hearings, beginning on page 760. His plan is particularly applicable to cotton.

The plan provides that the Federal farm board should have broad powers. If a surplus in any commodity exists and the prices are unduly and excessively depressed, the board would declare that an emergency exists in the marketing of the commodity. Thereupon the association would set up a surplus pool, which any grower could join, with the privilege of withdrawal. The producer would only become a member for the purpose of having the surplus crop marketed under the proposed plan.

The board would enter into an indemnity contract with the cooperative associations and stabilization corporation handling the commodity whereby these agencies would be insured against loss due to a decline in price, premiums, or discounts to the extent of their advances to the farmer and all carrying charges during the period of the emergency, including interest, insurance, storage charges, and loss in weight.

The association would make advances to the growers upon the delivery of their products to the surplus pool at a rate based upon the current market value and approved by the board with proper differentials for grade and quality. Such part of the product as it is desired to include in the stabilization program would then be warehoused and withdrawn from the market. Any profits would be returned to the growers who delivered to surplus pool in proportion to the quantity and grade of their products.

Loss to the associations or stabilization corporations would be prevented under the insurance of the Federal farm board. Premiums would be paid from the profits of the operation and reserves would be set up from the premiums to meet possible future losses.

The plan also contemplates that the Federal intermediate credit banks would be authorized to lend cooperative associations and stabilization corporations up to 95 or 97 per cent of the current value on warehoused products, which are insured by the Federal farm board. With such insurance loans could be made without risk to the banks. The grower would receive substantially the market price, with the privilege of participating in any profits.

The plan proposed would benefit all farmers and would offer inducements to become members of cooperative associations. It is economically sound and the possibility of loss is minimized. There is some possibility of loss involved in the stabilization corporations. By issuing the indemnity agreement the board would secure a premium. The risk would be less to the board than in the ordinary operations of the stabilization corporations. Again, the plan would utilize to the fullest extent loan agencies that are already in existence, such as Federal intermediate credit banks. The farm board would not necessarily have to make loans or advances. Intermediate credit banks are already in touch with the markets and their customers. The credit facilities of the Nation could be utilized.

Mr. BANKHEAD. How long will the period last?

Mr. WHITTINGTON. It might take 10 or 11 months. The surplus period is usually 10 or 11 months. If we had an unprecedented situation—one large crop following another—it might take 21 months.

The CHAIRMAN. The time of the gentleman from Mississippi has expired.

Mr. HASTINGS. I ask, Mr. Chairman, that the gentleman's time be extended for me to ask a question.

Mr. HAUGEN. I yield to the gentleman two minutes more.

Mr. HASTINGS. Will the gentleman discuss the insurance feature as applied to the stabilization corporation?

Mr. WHITTINGTON. I will be glad to do that; I think it ought to be applied to it.

Mr. BRIGHAM. Will the gentleman yield?

Mr. WHITTINGTON. Yes; if I have the time.

Mr. BRIGHAM. Is it the gentleman's idea that the insurance contract shall be for one year or two or three years?

Mr. WHITTINGTON. For one year generally. I want to say in this connection that the insurance plan is bottomed on a thorough investigation covering a period of years. They show in case of agricultural products that can be warehoused that the price over the annual period is in excess of the prices received by the farmer at the time of the crop season, when it is unduly depressed.

Mr. BRIGHAM. If that is true the cotton industry could ask for the insurance at the time of great surplus and receive it, and not call for it when the crop was short.

Mr. WHITTINGTON. This principle of insurance could be operated in any year, and if the principle were extended as advocated by Mr. Bledsoe it could be operated in the years of a surplus to especially good advantage.

INSURANCE

In making the foregoing analysis of the important provisions of the bill, I have been thinking particularly of cotton. There is not only an exportable surplus, but 60 per cent of the average annual crop is exported. I am a member of a cooperative association which is composed exclusively of producers. It is the most successful cotton cooperative association in the United States. Organized in 1920, its operations have been notable. It has marketed about \$160,000,000 worth of cotton. Mr. O. F. Bledsoe, to whom I have already referred, is the president of the association, and he is an outstanding executive. He has given years to the study and operation of cotton marketing. Mr. A. H. Stone, the vice president of the association, is one of the most accomplished farm leaders of the South and of the country. Mr. Stone made valuable statements in the hearings before the Agricultural Committee of the House in 1928. Mr. Bledsoe testified in the hearings of the Senate Committee on Agriculture on January 18, 1927. He gave a clear presentation of the insurance plan. Mr. Bledsoe and Mr. Stone appeared before the Committee on Agriculture of the House, and their statements may be found on pages 73 and 138 of the hearings, beginning January 30, 1928.

I have already stated that Mr. Bledsoe had supplemented his former statements by a new plan for a surplus pool in his statement before the House committee on April 4, 1929, beginning with page 758.

The new plan for provisions for a surplus pool was also presented to the Senate committee in 1929.

Mr. W. M. Garrard, the general manager of the association, is one of the outstanding authorities on the marketing of cotton in the United States. He is an expert in his line. He is known wherever staple cotton is bought and sold.

The insurance provision of the bill is a part of the development of agricultural legislation during the past four years. It applies to cotton and will cover wheat or any other agricultural commodity regularly traded in upon an exchange that can be stored or warehoused without deterioration over a period of time. There must be accurate price records to enable the board to calculate the risks of insurance on a sound basis. Over a period of years the price for cotton will average higher during the annual period than during the harvesting season. This is true of necessity. Speculators would not purchase and store cotton for resale if this were not true. The speculator has made large profits out of the purchase of cotton in years of large production, when the price is depressed during the harvesting season. Stabilization corporations can be equally successful. At the same time they will protect the price level for the farmer against the drives on prices by the speculator or other interests desiring to purchase at less than real value.

The farmer is entitled to at least the cost of efficient production. The aggregate price of a large or surplus crop should at least equal the aggregate price of the usual crop. The farmer belongs to the debtor class. He usually sells during the harvest season. He must sell of necessity, for ordinarily he can not borrow more than 65 per cent of the market value of his crop.

If the cooperative association is hedged or assured against loss in the seasonal price, the member may receive at the time of delivery the market price, less the cost of storage, transporta-

tion, interest, and insurance. When the farmer is compelled to sell during the harvest season the result is dumping and depression of price.

The bill authorizes the board to enter into insurance agreements with cooperative associations against loss through price decline in the agricultural commodity handled by the association and produced by the members of the association. These agreements, however, can only be entered into if they will be in furtherance of the declared policy of the legislation and if they are not available from private agencies at reasonable rates.

I have heretofore discussed the insurance plan. It was embraced in the surplus control acts of 1927 and 1928. Any members who are interested are respectfully referred to my discussions and presentations, which may be found in the CONGRESSIONAL RECORDS of January 31, 1927, page 2630; February 12, 1927, at page 3602; February 14, 1927, page 3919; and February 17, 1927, page 4091.

As I have stated, the insurance idea was embraced in the two preceding agricultural bills passed by Congress. I call attention to the plan as outlined in my speech of April 26, 1928, page 7683 of the CONGRESSIONAL RECORD.

Any legislation to be beneficial must embrace insurance of some sort. Stabilization corporations will result in stabilizing the price, otherwise there will be no benefit. Stabilization is really synonymous with insurance. Insurance is necessary to enable the producer to obtain substantially the market price less carrying charges of his product as an advance at the time of delivery to the association, otherwise orderly marketing is hazardous.

Statistics for a period of 20 years show that with certain explainable exceptions the average price of cotton during the periods that farmers usually sell their cotton, namely, from September 1 to December 31, is lower than the average price for the annual period beginning September 1 and ending August 31. It would be of benefit to the growers if the farmer could be guaranteed against a price decline during the year. He would be satisfied to receive the average annual price. The farmer must sell to the speculator during the dumping period. The speculator knows that the average seasonal price must be in excess of the average price that obtains during the period of delivery. One of the great difficulties with the cooperative associations is that they are now unable to advance their members more than 65 per cent of the market value. If the association is hedged or assured against price decline, the purchaser may be advanced the market value less the cost of storage, interest, and insurance. Cooperative marketing would thus be promoted.

Mr. Chairman, I ask unanimous consent to extend my remarks in the RECORD by inserting statistics covering the average price of cotton and wheat, and some calculations therewith prepared by Mr. Bledsoe, as a part of my remarks, and to include some quotations from Mr. Bledsoe's statement on pages 108 and 109 of the hearings before the House Committee of Agriculture on January 20, 1928.

The CHAIRMAN. The gentleman from Mississippi asks unanimous consent to extend his remarks in the manner indicated. Is there objection?

There was no objection.

Mr. WHITTINGTON. The five years in which there were exceptions were due to unusual conditions, most of which are not likely to occur again. The examinations of the daily price records of the New Orleans Cotton Exchange for the period mentioned were made by Ernst & Ernst, public accountants. I embody herewith the result of these examinations:

First. A letter from Messrs. Ernst & Ernst to Mr. O. F. Bledsoe, Jr., dated September 1, 1926, covering examinations of the New Orleans Cotton Exchange, and giving the average prices of middling spot cotton for the delivery and for the annual seasons for the 20 years, which show the average price during the farmer's delivery season from September 1 to December 31 to be 17.55 cents per pound, while the average price during the entire season from September 1 to August 31 is 18.03 cents per pound, or the average price for the year is 0.58 cent, or a little over one-half a cent per pound, more than the average price during the harvesting, or farmer's selling period, as follows:

27 CEDAR STREET, September 1, 1926.

MR. O. F. BLEDSOE, JR.,

President Staple Cotton Cooperative Association,

Greenwood, Miss.

DEAR SIR: We hereby certify that we have examined the daily price records of the New Orleans Cotton Exchange from September 1, 1905,

to August 31, 1925, and find that the average prices reported for middling spot cotton for the periods from September 1 to December 31 and from September 1 to August 31 are as follows:

| Sept. 1 to Dec. 31— | Average price | Sept. 1 to Aug. 31— | Average price |
|----------------------|---------------|----------------------|---------------|
| | Cents | | Cents |
| 1905..... | 10.86 | 1905-6..... | 10.92 |
| 1906..... | 10.22 | 1906-7..... | 11.22 |
| 1907..... | 11.48 | 1907-8..... | 11.14 |
| 1908..... | 8.93 | 1908-9..... | 10.03 |
| 1909..... | 13.79 | 1909-10..... | 14.51 |
| 1910..... | 14.26 | 1910-11..... | 14.39 |
| 1911..... | 9.85 | 1911-12..... | 10.87 |
| 1912..... | 11.99 | 1912-13..... | 12.26 |
| 1913..... | 13.29 | 1913-14..... | 13.23 |
| 1914..... | 7.29 | 1914-15..... | 8.29 |
| 1915..... | 11.45 | 1915-16..... | 12.15 |
| 1916..... | 17.56 | 1916-17..... | 19.78 |
| 1917..... | 26.47 | 1917-18..... | 29.40 |
| 1918..... | 30.88 | 1918-19..... | 30.01 |
| 1919..... | 36.15 | 1919-20..... | 38.38 |
| 1920..... | 20.21 | 1920-21..... | 14.75 |
| 1921..... | 18.21 | 1921-22..... | 18.71 |
| 1922..... | 23.34 | 1922-23..... | 26.15 |
| 1923..... | 31.39 | 1923-24..... | 30.51 |
| 1924..... | 23.45 | 1924-25..... | 23.89 |
| 20-year average..... | 17.55 | 20-year average..... | 18.03 |

Attention is directed to the fact that in the year 1914 the exchange was closed during August and September. Therefore price of 7.29 cents above actually covers three months. The prices of 13.23 cents for the year 1913-14 and 8.29 cents for the year 1914-15 actually cover only 11 months of each year.

ERNST & ERNST.

Second. The summary of the New Orleans spot prices of cotton, as follows:

New Orleans Exchange spot middling cotton

| Year | January | February | March | April | May | June |
|--------------|---------|----------|-------|-------|-------|-------|
| | Cents | Cents | Cents | Cents | Cents | Cents |
| 1906..... | 11.55 | 10.67 | 10.84 | 11.27 | 11.31 | 10.99 |
| 1907..... | 10.44 | 10.48 | 10.82 | 10.79 | 11.88 | 12.81 |
| 1908..... | 11.83 | 11.59 | 10.91 | 10.19 | 10.91 | 11.57 |
| 1909..... | 9.33 | 9.43 | 9.38 | 10.03 | 10.58 | 11.03 |
| 1910..... | 15.22 | 14.87 | 14.73 | 14.63 | 14.88 | 14.84 |
| 1911..... | 14.95 | 14.62 | 14.55 | 14.70 | 15.48 | 15.26 |
| 1912..... | 9.52 | 10.31 | 10.64 | 11.62 | 11.71 | 12.06 |
| 1913..... | 12.58 | 12.51 | 12.45 | 12.43 | 12.29 | 12.44 |
| 1914..... | 12.92 | 12.90 | 12.94 | 13.09 | 13.36 | 13.78 |
| 1915..... | 7.87 | 8.01 | 8.34 | 9.42 | 9.04 | 9.11 |
| 1916..... | 12.03 | 11.45 | 11.72 | 11.88 | 12.61 | 12.79 |
| 1917..... | 17.33 | 17.14 | 17.93 | 19.51 | 20.01 | 24.18 |
| 1918..... | 31.06 | 30.90 | 32.75 | 32.94 | 28.92 | 30.71 |
| 1919..... | 28.84 | 26.94 | 26.83 | 26.70 | 29.37 | 31.94 |
| 1920..... | 40.27 | 39.38 | 40.69 | 41.41 | 40.31 | 40.49 |
| 1921..... | 14.53 | 12.85 | 11.03 | 11.16 | 11.79 | 11.03 |
| 1922..... | 16.51 | 16.36 | 16.74 | 16.79 | 19.30 | 21.68 |
| 1923..... | 27.51 | 28.78 | 30.43 | 28.42 | 26.53 | 28.61 |
| 1924..... | 33.94 | 31.90 | 28.73 | 30.41 | 30.69 | 29.47 |
| 1925..... | 23.66 | 24.60 | 25.63 | 24.51 | 23.53 | 24.06 |
| Average..... | 18.09 | 17.78 | 17.99 | 18.09 | 18.23 | 18.94 |

| Year | July | August | September | October | November | December |
|--------------|-------|--------|-----------|---------|----------|----------|
| | Cents | Cents | Cents | Cents | Cents | Cents |
| 1905..... | 10.95 | 9.97 | 10.25 | 10.15 | 11.28 | 11.87 |
| 1906..... | 12.88 | 13.13 | 12.47 | 10.75 | 10.35 | 10.48 |
| 1907..... | 10.80 | 9.92 | 9.10 | 11.18 | 10.83 | 11.53 |
| 1908..... | 12.13 | 12.46 | 12.66 | 13.43 | 8.96 | 8.74 |
| 1909..... | 14.92 | 14.91 | 13.49 | 14.19 | 14.49 | 14.84 |
| 1910..... | 14.28 | 11.91 | 11.28 | 9.60 | 9.33 | 9.17 |
| 1911..... | 12.93 | 12.04 | 11.36 | 10.94 | 12.15 | 12.80 |
| 1912..... | 12.34 | 12.02 | 13.12 | 13.73 | 13.31 | 12.98 |
| 1913..... | 13.33 | None. | 8.38 | 7.01 | 7.42 | 7.18 |
| 1914..... | 8.71 | 8.93 | 10.40 | 11.95 | 11.50 | 11.88 |
| 1915..... | 13.03 | 14.25 | 15.26 | 17.24 | 19.44 | 18.34 |
| 1916..... | 25.41 | 25.03 | 21.68 | 26.75 | 28.07 | 29.07 |
| 1917..... | 29.57 | 30.22 | 33.22 | 31.18 | 29.75 | 29.43 |
| 1918..... | 33.93 | 31.37 | 30.37 | 35.18 | 39.57 | 39.88 |
| 1919..... | 39.41 | 34.02 | 27.47 | 20.95 | 17.65 | 14.63 |
| 1920..... | 11.48 | 12.77 | 19.35 | 18.99 | 17.27 | 17.17 |
| 1921..... | 22.01 | 21.64 | 20.74 | 22.04 | 25.38 | 25.47 |
| 1922..... | 25.73 | 24.22 | 27.70 | 29.18 | 33.68 | 34.88 |
| 1923..... | 29.23 | 26.65 | 22.76 | 23.47 | 23.95 | 23.66 |
| 1924..... | 23.97 | 23.07 | | | | |
| Average..... | 18.85 | 18.33 | 17.01 | 17.34 | 17.93 | 17.94 |

Grand average, 20 years, 18.03; Sept. 1 to Jan. 1, 17.55.

Third. Actual Staple Cotton Cooperative Association deliveries and prices for the years 1922-23, 1923-24, 1924-25, as compared with the theoretical average, show a gain of 0.11 cent per pound of actual delivery average over the theoretical delivery average as follows:

Staple Cotton Cooperative Association

| Month | Deliveries | 20-year average price | Average delivery price |
|-----------|------------|-----------------------|------------------------|
| | Per cent | Cents | Cents |
| August | 0.29 | 18.33 | 5.3157 |
| September | 26.27 | 17.01 | 446.8527 |
| October | 42.72 | 17.34 | 740.7648 |
| November | 23.02 | 17.93 | 412.7486 |
| December | 5.74 | 17.94 | 102.9756 |
| January | .71 | 18.09 | 12.8439 |
| February | .73 | 17.78 | 12.9794 |
| March | .23 | 17.90 | 4.1170 |
| April | .18 | 18.09 | 3.2562 |
| May | .02 | 18.23 | .3646 |
| June | .04 | 18.94 | .7576 |
| July | .05 | 18.85 | .9425 |
| Total | 100.00 | 18.03 | 17.44 |

Theoretical delivery average, Sept. 1 to Jan. 1..... 17.55
Actual, based on association delivery average..... 17.44

Gain 0.11

Fourth. Variations by annual seasons in middling spot quotations for the period of 20 years, as follows:

Variations in middling spot cotton quotations—New Orleans

| Season | Loss | Gain |
|---------|-------|----------|
| | Cents | Cents |
| 1905-6 | 0.06 | 0.06 |
| 1906-7 | 1.00 | 1.00 |
| 1907-8 | 0.34 | (1) 1.10 |
| 1908-9 | | .72 |
| 1909-10 | | .13 |
| 1910-11 | | 1.02 |
| 1911-12 | | .27 |
| 1912-13 | | (1) 1.00 |
| 1913-14 | .06 | .70 |
| 1914-15 | | 2.22 |
| 1915-16 | | 2.93 |
| 1916-17 | | (1) .87 |
| 1917-18 | | 2.23 |
| 1918-19 | .87 | (1) .51 |
| 1919-20 | | 2.81 |
| 1920-21 | 5.46 | (1) .88 |
| 1921-22 | | .44 |
| 1922-23 | | |
| 1923-24 | .88 | |
| 1924-25 | | |
| | 7.61 | 37.69 |

1 Money panic.
2 World War.

3 Armistice signed.
4 Crop estimate.

Under the insurance plan the cotton cooperative associations would be guaranteed that their weighted average daily spot price during the delivery period, which is from September 1 to December 31, would not be less than their average selling price for the year; that is, from September 1 to August 31.

The examinations of the daily price records of the New Orleans Cotton Exchange for a period of 20 years—beginning September 1, 1905, to August 31, 1925—show that with the exception of 5 years the average price during the harvesting season was lower than the average price for the 12 months.

Mr. Bledsoe has prepared a statement giving profit and loss of seasonal cotton-price insurance from 1905 to 1919 and from 1921 to 1924, inclusive, which shows that the growers would have received, under the plan proposed, an increased amount for the annual period over the 4-month delivery period in the sum of \$1,011,325,750. The production during these years was 228,528,000 bales; and if the board had underwritten insurance against decline in the annual price at a premium of \$1 per bale, the premiums would have amounted to \$228,528,000, while the losses would have been \$120,783,450, leaving a profit of \$107,744,550 to the board. The statement which was prepared by Mr. Bledsoe on January 26, 1927, is as follows:

Profit and loss statement of seasonal cotton price insurance from 1905 to 1919 and 1921 to 1924, inclusive

| Fiscal year | Bales produced | Value per pound, Sept. 1, to Dec. 31 | Value per pound, Sept. 1, to Aug. 31 | Increased amount received by growers, yearly period over 4 months | Losses due to decrease in value, yearly period over 4 months |
|-------------|----------------|--------------------------------------|--------------------------------------|---|--|
| | | Cents | Cents | | |
| 1905-6 | 10,575,000 | 10.86 | 10.92 | \$3,172,500 | |
| 1906-7 | 13,274,000 | 10.22 | 11.22 | 66,370,000 | |
| 1907-8 | 11,107,000 | 11.48 | 11.14 | | \$18,921,900 |
| 1908-9 | 13,242,000 | 8.93 | 10.03 | 72,831,000 | |
| 1909-10 | 10,005,000 | 13.79 | 14.51 | 36,018,000 | |
| 1910-11 | 11,609,000 | 14.26 | 14.39 | 7,545,850 | |
| 1911-12 | 15,693,000 | 9.85 | 10.87 | 80,034,300 | |
| 1912-13 | 13,703,000 | 11.99 | 12.26 | 18,499,050 | |
| 1913-14 | 14,156,000 | 13.29 | 13.23 | | 4,246,800 |
| 1914-15 | 16,135,000 | 7.29 | 8.29 | 80,675,000 | |
| 1915-16 | 11,192,000 | 11.45 | 12.15 | 39,172,000 | |
| 1916-17 | 11,450,000 | 17.56 | 19.78 | 127,095,000 | |
| 1917-18 | 11,302,000 | 26.47 | 29.40 | 165,574,300 | |
| 1918-19 | 12,041,000 | 30.88 | 30.01 | | 52,378,350 |
| 1919-20 | 11,421,000 | 36.15 | 38.38 | 127,344,150 | |
| 1921-22 | 7,954,000 | 18.21 | 18.71 | 19,885,000 | |
| 1922-23 | 9,760,000 | 23.34 | 26.15 | 137,128,000 | |
| 1923-24 | 10,281,000 | 31.39 | 30.51 | | 45,236,400 |
| 1924-25 | 13,628,000 | 23.45 | 23.89 | 29,981,600 | |
| | 228,528,000 | | | 1,011,325,750 | 120,783,450 |

Growers' income from premiums payable on 228,528,000 bales of cotton, at \$1 per bale..... \$228,528,000
Losses due to decrease in value, yearly period over 4 months..... 120,783,450
Profit to underwriters..... 107,744,550

Baleage: United States Department of Agriculture.
Prices: Average spot middling prices of the New Orleans Cotton Exchange, New Orleans, La., certified to by Messrs. Ernst & Ernst, certified public accountants.

STAPLE COTTON COOPERATIVE ASSOCIATION,
O. F. BLEDSOE, President.

In other words, the above computation proves that the average annual price is in excess of the delivery price and that as an insurable risk the Government can with safety guarantee and insure that the annual price will be in excess of the delivery price.

I call attention to the fact that while the theoretical average delivery price during the 20-year period, as shown by the above statistics, is 17.55 cents, the actual delivery price based upon the association's deliveries shows a gain of 0.11 cent per pound of the actual delivery average over the theoretical delivery average. Hence it is that section 12 of the Haugen bill provides that the measure of any decline shall be the difference between the average market price weighted for the days and volume of delivery and the average market price weighted for the days and volume of sales, for the actual delivery average of the Staple Cotton Cooperative Association was weighted for the days and volume of delivery. The foregoing statistics show that the average daily spot price of middling cotton on the New Orleans Cotton Exchange for the period September 1, 1905, to September 1, 1925, is higher for the selling season—that is, from September 1 to August 31—than for the delivery season—that is, September 1 to December 31—except for the season 1907-8, the year of the money panic, when there was a loss of 34 points, or \$1.70 a bale; 1913-14, when the World War broke out and there was a loss of 6 points, or \$0.30 per bale, during which year the exchanges were closed and no cotton was marketed for several months; 1918-19, the year of the armistice, when there was a loss of 87 points, or \$4.35 a bale; 1920-21, the year of the great deflation, when there was a loss of 546 points, or \$27.30 per bale, and inasmuch as it resulted from war, such a condition is not likely to occur again and might be omitted in the calculation; 1923-24, the year in which there was an overestimate of demand and an underestimate of supply, there was a loss of 88 points, or \$4.40 a bale. Excluding the season 1920-21 deflation, the average annual loss for the 19 years included in the calculation is 56.6 cents per bale. The weighted price of the association, which shows the reduction of 11 points, would reduce the average loss to 46.3 cents per bale.

If cooperative associations, instead of selling futures, instead of hedging, with these reliable statistics, can procure insurance against seasonal decline without loss to the Government, it will promote cooperative marketing as nothing else can.

The aggregate of the loss cost for the 4 years out of the 20, exclusive of the year 1920-21 (deflation) amounted to \$10.75 per bale. As an insurance proposition I think it would be mani-

festly unfair to include in this loss cost the whole loss due to deflation, as without deflation it is doubtful if there would have been any loss at all, but assuming for the sake of argument that the loss for the year 1920-21 would have been the average of the other entire 4 years of loss, or \$2.68 per bale, we get a total loss cost for the entire 5 years out of the 20 of \$13.43 per bale or \$0.67 per bale per annum. If we add 33½ per cent for expenses, there would be a rate of \$0.895 per bale. The Government could afford, according to these reliable statistics, to insure cotton against seasonal decline for a period of one year for \$1 per bale.

It has been suggested that if the insurance feature is sound the cooperatives could secure the insurance from Lloyds or from other insurance companies. The answer is that neither Lloyds nor any insurance company in the United States insures against any sort of price decline. No insurance can be obtained for this purpose under the laws of New York, New Jersey, Mississippi, or under the laws of any other State in the Union, so far as I know, nor under the laws of the District of Columbia. It is outside of the province of insurance. In a way it invades the realm of banking. The matter of interest and carrying charges must be kept in mind. There is no private agency that can supply the insurance needed to stabilize a basic agricultural commodity. But the Government was organized to do what individuals can not do, what corporations are not authorized to do. The Government financed the railroads during the World War, and it has provided capital for banking under the Federal reserve system. It ought to do for agriculture what it has done for transportation and banking.

The committee considered very carefully the statistics which I have embodied herein, as well as other statistics, and they

will be found in Mr. Bledsoe's statement in the hearings. Moreover, the hearings show that Mr. Bledsoe submitted these statistics to some of the leading insurance authorities in the country. Page 108 of the hearings shows that Edwin G. Seibles, manager of the Cotton Fire & Marine Underwriters, of New York City, one of the most prominent insurance men in the United States, believes that the proposition is sound. I quote from the hearings (p. 109), where Mr. Seibles says:

This appears to me to be a sufficiently definite proposition to calculate a fair rate for the risk involved, and the statistics and records seem to me to be in better shape than a great many propositions which underwriters are willing to undertake.

He also says:

I think the proposition is not only sound in itself but it has a particular attraction from an underwriting standpoint at the present moment.

He calls attention to the fact that the trend of prices is found in wheat as well as cotton, for he says:

It will be interesting to know that the uniform trend of prices is found in wheat as well as cotton. This result, of course, is in strict conformity with the logic of the situation.

WHEAT

I have quoted the statistics compiled by competent public accountants covering cotton, but it is believed that similar statistics covering other agricultural commodities capable of being warehoused would show the same trend in prices. Mr. Bledsoe embodied in his statement on page 90 statistics on wheat from the Red Book of Howard, Bartels & Co., and I quote these statistics as follows:

Summary of quotations—No. 2 red wheat, Chicago Board of Trade, August 1, 1905, to July 31, 1925

STATISTICAL INFORMATION

[Red Book, Howard, Bartels & Co. (Inc.), compilers and publishers]

| Year | January | February | March | April | May | June | July | August | September | October | November | December |
|---------------------------|---------|----------|--------|--------|--------|--------|--------|--------|-----------|---------|----------|----------|
| | Cents | Cents | Cents | Cents | Cents | Cents | Cents | Cents | Cents | Cents | Cents | Cents |
| 1905 | 87.50 | 84.87 | 81.62 | 87.75 | 90.50 | 86.37 | 78.75 | 82.68 | 82.25 | 86.68 | 86.81 | 87.31 |
| 1906 | 73.25 | 75.18 | 74.37 | 77.43 | 80.62 | 82.40 | 83.00 | 71.25 | 71.37 | 72.37 | 72.93 | 72.81 |
| 1907 | 96.75 | 94.56 | 96.56 | 94.37 | 104.81 | 94.56 | 88.31 | 87.12 | 94.75 | 98.37 | 92.75 | 96.75 |
| 1908 | 105.68 | 115.75 | 121.87 | 134.87 | 147.87 | 155.00 | 115.12 | 100.25 | 107.75 | 118.75 | 118.00 | 106.37 |
| 1909 | 124.43 | 122.75 | 120.00 | 113.75 | 108.12 | 100.87 | 105.25 | 101.81 | 98.50 | 95.25 | 92.00 | 92.81 |
| 1910 | 96.62 | 91.00 | 88.06 | 87.56 | 97.50 | 91.00 | 87.25 | 89.00 | 93.00 | 98.51 | 94.75 | 95.00 |
| 1911 | 97.56 | 99.50 | 101.68 | 108.00 | 115.18 | 109.75 | 104.00 | 103.51 | 103.50 | 106.50 | 103.00 | 105.62 |
| 1912 | 111.43 | 107.00 | 104.50 | 105.75 | 104.43 | 100.50 | 90.00 | 87.25 | 92.00 | 92.12 | 94.50 | 95.43 |
| 1913 | 97.06 | 95.62 | 94.25 | 93.93 | 97.18 | 87.81 | 86.62 | 100.62 | 112.25 | 109.25 | 113.93 | 121.43 |
| 1914 | 139.93 | 156.75 | 149.50 | 157.75 | 149.56 | 122.81 | 120.25 | 108.75 | 108.75 | 114.37 | 112.75 | 122.75 |
| 1915 | 130.18 | 122.93 | 113.25 | 121.31 | 114.25 | 104.62 | 116.37 | 142.12 | 149.81 | 172.68 | 181.75 | 173.56 |
| 1916 | 187.00 | 176.12 | 196.25 | 255.75 | 303.00 | 265.50 | 238.00 | 236.00 | 218.50 | 217.00 | 217.00 | 217.00 |
| 1917 | 217.00 | 217.00 | 217.00 | 217.00 | 217.00 | 217.00 | 217.00 | 224.00 | 224.00 | 224.00 | 224.87 | 234.25 |
| 1918 | 234.50 | 229.50 | 235.50 | 263.00 | 273.25 | 239.00 | 226.00 | 225.25 | 225.25 | 225.25 | 230.75 | 242.75 |
| 1919 | 260.50 | 252.00 | 255.00 | 275.00 | 299.00 | 287.50 | 257.00 | 242.25 | 249.75 | 224.50 | 202.00 | 199.00 |
| 1920 | 196.87 | 189.25 | 167.50 | 136.87 | 162.12 | 147.00 | 125.75 | 121.12 | 128.62 | 117.25 | 123.00 | 118.00 |
| 1921 | 120.00 | 133.75 | 139.25 | 139.37 | 132.00 | 118.00 | 111.75 | 106.00 | 107.37 | 115.75 | 125.62 | 132.75 |
| 1922 | 130.12 | 135.00 | 132.00 | 131.75 | 128.25 | 118.25 | 99.87 | 101.62 | 105.62 | 110.62 | 105.50 | 107.75 |
| 1923 | 112.68 | 113.37 | 109.25 | 106.25 | 107.37 | 112.00 | 126.12 | 131.75 | 134.62 | 153.50 | 156.25 | 177.25 |
| 1924 | 202.25 | 202.18 | 188.00 | 166.00 | 191.00 | 186.75 | 159.75 | | | | | |
| 1925 | | | | | | | | | | | | |
| 20-year average by months | 141.06 | 140.70 | 139.27 | 143.67 | 151.60 | 141.84 | 132.78 | 127.77 | 130.32 | 132.63 | 132.53 | 135.89 |

Average for Aug. 1 to Dec. 1, 1920-21.
Grand average for 20 years, 137.51.

The following is a summary of the cash quotations of the Chicago Board of Trade on red wheat:

Summary of cash quotations—No. 2 red wheat Chicago Board of Trade August 1, 1905, to July 31, 1925

[Red Book, Howard, Bartels & Co. (Inc.), compilers and publishers]

| Year | Average price Aug. 1 to Dec. 1 | Year | Average price Aug. 1 to Aug. 1 | Loss | Gain |
|------|--------------------------------|---------|--------------------------------|-------|-------|
| | Cents | | Cents | Cents | Cents |
| 1905 | 84.61 | 1905-6 | 85.26 | 0.65 | |
| 1906 | 71.98 | 1906-7 | 78.01 | 6.03 | |
| 1907 | 93.25 | 1907-8 | 94.97 | 1.72 | |
| 1908 | 98.40 | 1908-9 | 116.09 | 17.69 | |
| 1909 | 111.19 | 1909-10 | 113.50 | 2.31 | |
| 1910 | 96.89 | 1910-11 | 93.28 | 3.61 | |
| 1911 | 93.91 | 1911-12 | 100.52 | 6.61 | |
| 1912 | 104.20 | 1912-13 | 103.84 | .36 | |
| 1913 | 91.47 | 1913-14 | 92.81 | 1.34 | |
| 1914 | 109.01 | 1914-15 | 129.50 | 20.49 | |
| 1915 | 111.16 | 1915-16 | 115.86 | 4.70 | |
| 1916 | 161.59 | 1916-17 | 203.46 | 41.87 | |
| 1917 | 222.13 | 1917-18 | 219.50 | 2.63 | |
| 1918 | 224.27 | 1918-19 | 236.03 | 11.76 | |
| 1919 | 226.62 | 1919-20 | 252.94 | 26.34 | |

Summary of cash quotations—No. 2 red wheat Chicago Board of Trade August 1, 1905, to July 31, 1905—Continued

| Year | Average price Aug. 1 to Dec. 1 | Year | Average price Aug. 1 to Aug. 1 | Loss | Gain |
|-----------------|--------------------------------|---------|--------------------------------|-------|-------|
| | Cents | | Cents | Cents | Cents |
| 1920 | 229.63 | 1920-21 | 186.91 | 42.72 | |
| 1921 | 122.50 | 1921-22 | 125.18 | 2.68 | |
| 1922 | 113.69 | 1922-23 | 121.89 | 8.20 | |
| 1923 | 105.84 | 1923-24 | 109.85 | 4.01 | |
| 1924 | 144.03 | 1924-25 | 170.78 | 26.25 | |
| 20-year average | 130.81 | | 137.51 | 2.466 | 9.132 |

These statistics show a loss in wheat in 1920 and there were losses in three other years. In 1910 the loss was 3.61 per bushel, in 1912 the loss was 0.36 cent per bushel, and in 1917 2.63. There was an average loss for the 19 years included in the calculations of 0.34, or a little over one third of a cent per bushel. The loss on cotton, as I have already stated, was a little over one-half of a cent per pound for the same period. The surplus control bill provides that the board may insure the cooperatives against seasonal decline in price. The board will

be taking the position that the cotton and wheat trade of the world are right to the extent that they will at least secure the price they paid for the cotton and wheat with carrying charges.

BENEFITS

I use cotton as typical. The benefits are apparent. They include:

First. Loans can safely be made to cooperative associations so that the members can receive the spot price of their cotton, less carrying charges, such as interest, storage, and insurance.

Second. The association will be insured against losses in connection with the ordinary marketing of the cotton of the members.

Third. The operating expenses of the cooperatives will be reduced, for the members will be paid approximately the full market price at the time of delivery.

Fourth. There will be no tendency to increase production, inasmuch as under the insurance feature the producer is not guaranteed an artificial price, but is only guaranteed against a seasonal decline, based absolutely upon the law of supply and demand.

SOUND

The insurance feature is sound. It involves no subsidy. It does not involve any loss to the Government. It would only apply to commodities that are warehoused and are traded in on exchanges. It will enable the cotton grower to receive the average world annual price for his product over a series of years. In other words, it would give the cooperative cotton marketing associations insurance facilities based on and parallel with world prices as determined by the view of the traders in the exchanges of the world. It would eliminate speculation and manipulation. The same thing applies substantially to wheat.

MATERIALLY DIFFERENT FROM PREVIOUS INSURANCE PROVISIONS

The insurance provisions of the bill are materially different from the surplus control act of 1927 and the agricultural surplus control act of 1928.

The criticism of the 1927 act to the effect that the board would pay associations any loss which they might incur in withholding commodities from the market, and the criticism of the nonpremium insurance of the act of 1928 have been removed.

I have already stated that in my judgment the insurance provisions of the present bill should have been more liberal. I believe that upon further investigation the benefits will be extended to stabilization corporations. No stabilization plan will be successful unless it results in benefits to the farmer. All farmers should benefit. Only a small part of the cotton producers are members of cooperative associations. The benefits of stabilization should be extended to all growers. The organization of cooperatives would be encouraged thereby. The surplus pool to which I have referred will promote the voluntary idea in cooperative marketing. The freedom and independence of the farmer enter into the equation. He should have the right to join the association and the right to withdraw. The human factor must be considered.

PRODUCTION CREDITS

It is conceded that the pending bill will not give complete agricultural relief. The solution will come from a program and not as the result of a single bill. Agriculture is not one industry, but it embraces a multitude of industries, with multitudes of problems.

The program includes readjustment and reduction of freight rates on agricultural products, inland waterway development, and the application of the tariff to agriculture. It includes better credit facilities.

The Federal farm loan act should be amended. The capital of intermediate credit banks should be increased. There should be additional credit facilities. If the insurance obtains, intermediate credit banks should be authorized to lend both cooperative associations and stabilization corporations the market value less carrying charges of the warehoused product. They can do this if the products are insured by the Federal farm board. Legislation to enable intermediate credit banks to make marketing loans is an essential part of the program.

Then again the farmer is entitled to cheaper production credits. The item of interest is a very substantial one in the cost of production. The legislative program should embrace amendments to the Federal farm loan act that will benefit cheaper credits.

These matters are not within the jurisdiction of the agricultural committee. They are not germane under the rules and are subject to points of order in the House in the pending bill. They might be included under the rules of the Senate.

The revolving fund is a supplement to, and not a substitute for, existing agencies of credit. The credit resources of the Nation should be open to agriculture. If the insurance feature is utilized, it will not be necessary for the Federal farm board

to continue to make loans or advances. The revolving fund should be supplemented by the existing agencies of credit, and legislation for this purpose should be enacted.

EQUALITY AND INDEPENDENCE

The American farm home must be preserved. The ownership of the farm must be encouraged. These are the strength of our social and political system. Cooperative organizations are essential to better agricultural merchandising. The marketing agencies must be farmer owned and farmer controlled. Agriculture in and of itself can not solve the problem. Commerce and finance must help. The Government was ordained to do for society what individuals can not do for themselves. The Government must provide the machinery to enable the farmer to solve his problems. The individual farmer can not solve the problem of the surplus. There must be agricultural cooperation. The problem must be met to-day as it was in the days of Pharaoh. Joseph solved the question in Egypt long before the Christian era by storing the surplus in the fat years and disposing of it in the lean years. The cost of production must be cut down. While there must be agricultural cooperation, there is no place in the program for the large corporation to engage in farming.

There may be financial advantages in corporation farming, but individual control and ownership are essential to good and prosperous farming.

When large-landed estates are being broken up in the Old World to make possible individual ownership, the United States would be taking a backward step to promote corporation ownership and management of farms. Our forefathers came to the American shores to get away from feudalism. They came to these shores to establish homes and to own lands. The owner thinks in terms of good citizenship while the corporation thinks in terms of money and dividends.

Agriculture is the most urgent problem of the Nation and the enactment of the pending legislation is a step in the right direction. [Applause.]

Mr. HAUGEN. Mr. Chairman, I yield 10 minutes to the gentleman from Hawaii [Mr. Houston].

Mr. HOUSTON of Hawaii. Mr. Chairman and members of the committee, it has been my privilege throughout the special session and throughout the last session to sit as an associate member of the Committee on Agriculture and hear the discussions on farm relief. At the last hearings the lack of partisanship was an outstanding feature of the committee work, and it indicates the high aims of the members. We in the Territory of Hawaii are particularly concerned in the question of the stability of agricultural economics. As you know, our two lines of business down there are sugar and pineapples. We have been fortunate that from the first we have had available to us men of sound financial judgment, who have guided our industries and laid the foundation for these two lines, so that they might be placed in their present condition and pay dividends even under most difficult circumstances.

For that reason my principal endeavor in sitting through the hearings on the farm relief bill was to see that it might be so drafted that the benefits might also be extended to the Territory of Hawaii. Because we are a Territory, I am not privileged to vote either on the floor of this House or in the committee, but I would like to impress my own position upon you in reference to this bill. I feel that this is a good bill, and if I had the privilege I would vote for it.

The report on the bill shows the structure of modern industry. The Hawaiian agricultural corporations are built exactly on the same principle as laid down there. We are highly organized; we are corporate in form; our financing is done through the sale of stock. We are almost completely mechanized and we do a great part of our own distribution.

Now, I want to touch on one more phase of the speech of the gentleman from Wisconsin [Mr. FEAR] the other day, because it is fair that you should have the complete picture.

Reference was made to the fact that in Hawaii we were paying 20 per cent annual profits to sugar interests. As a matter of fact, the Record reads 20, but the statement then, if I remember right, was 22; that might have been a slip of the tongue. The inference was that such payments were common. Take the same publication to which the gentleman from Wisconsin then referred, the Manual of Hawaiian Securities: I went through the last available copy, dated 1928, and the record of 22 corporations therein quoted gives an average dividend of 8.6 per cent.

There were two things stated by the gentleman from Wisconsin [Mr. FEAR] the other day that I wish to touch upon. They have to do, first, with the position of the Territory of Hawaii in the United States. Governor Farrington of Hawaii said in his last report:

We have constantly to struggle against the habit of fellow citizens of the States and even public officials of the Government to class Hawaii with and as a possession. This Territory is not and has never been in the same class with Porto Rico, the Philippines, or any other part of the country coming under the flag by conquest or purchase. Hawaii has more than paid its own way in revenue payments to the Federal Government. At the same time it has carried on its local administration and domestic development of public works, public schools, health control by local taxation, under local government control. Few Territories have better demonstrated their capacity for statehood than has Hawaii in the last 30 years.

We insist that by action of the Congress we are an integral part of the United States, and the United States Supreme Court has upheld that position. Therefore whatever is done for the United States as a whole must be applicable to the same extent to the Territory of Hawaii.

There were eight corporations listed therein producing sugar that paid not a single dividend during the year. The average for those corporations that did pay dividends was 8.76 per cent. There is one further point I would like to make with respect to that matter of paying dividends, and that is that because of the sound financial organization that we had in the days when sugar was paying a fairly good price, we laid aside and invested our profits, and it is the investments which to a large extent make it possible for our corporations to pay the dividends that they are paying at the present time, and an 8 per cent dividend should not be a high dividend for the average corporations engaged in agriculture. [Applause.]

| Sugar stocks | Dividends paid, 1927 | Investments of capitalization outside capital stock |
|---------------------------------|----------------------|---|
| | Per cent | Per cent |
| Ewa Plantation Co. | 18 | 100 |
| Hawaiian Agricultural Co. | 10 | 30 |
| Hawaiian Commercial & Sugar Co. | 15 | 50 |
| Hawaiian Sugar Co. | 21 | 50 |
| Honokaa Sugar Co. | 0 | 20 |
| Honouliuli Sugar Co. | 0 | 12 |
| Hutchinson Sugar Plant Co. | 0 | 0 |
| Kahuku Plantation Co. | 1 1/2 | 20 |
| Kekaha Sugar Co. | 15 | 14 |
| Koloa Sugar Co. | 0 | 10 |
| Mau Agricultural Co. | 9 | 35 |
| McBryde Sugar Co. | 0 | 18 |
| Oahu Sugar Co. | 14 | 30 |
| Olan Sugar Co. | 0 | 26 |
| Onomea Sugar Co. | 18 | 17 |
| Panama Sugar Plantation Co. | 6 | 6 |
| Pacific Sugar Mill | 0 | 25 |
| Pepee Sugar Co. | 15 | 14 |
| Pioneer Mill Co. | 12 | 20 |
| San Carlos Milling Co. | 0 | 0 |
| Waialua Agricultural Co. | 14 | 95 |
| Wailuku Sugar Co. | 12 | 10 |
| Waimanalo Sugar Co. | 0 | 3 |

23 companies—8 not paying dividends.

Average paid for all companies—8.76 per cent.

Average for companies paying dividends—8.76 per cent.

Plantations in Hawaiian Islands

| | Acres |
|------|---------|
| 1914 | 114,458 |
| 1915 | 117,079 |
| 1916 | 114,269 |
| 1917 | 119,251 |
| 1918 | 118,748 |
| 1919 | 120,630 |
| 1920 | 114,119 |
| 1921 | 119,855 |
| 1922 | 119,124 |
| 1923 | 113,961 |
| 1924 | 114,709 |
| 1925 | 121,385 |
| 1926 | 120,552 |
| 1927 | 127,417 |

The shipments from Hawaii were referred to as importations. I quote from Dictionary of Tariff Information, 1924:

IMPORTS

In general, to import means "to bring in." The words were given such meaning in the recent case of *Cunard Steamship Co. v. Mellon* (262 U. S. 100), in which it was held, at page 122, that "importation, in a like sense, consists in bringing an article into a country from the outside. If there be an actual bringing in, it is importation regardless of the mode in which it is effected. Entry through a customhouse is not of the essence of the act."

This reasoning was used in connection with liquor which was brought into the port of New York on foreign vessels but not entered for customs duty.

When Congress uses the words "import" and "importation" in a tariff act it refers to the bringing in of goods under customs control.

Also the word "import" sometimes is applied in tariff decisions to goods which were never entered and which never became a part of commerce but which were under the control of customs officials. "Imports" has, furthermore, been restricted to such goods as actually are released from customs custody into the commerce of the country. (*May Co. v. U. S.*, 12 Ct. Cust. Appls. —; *T. D.* 40270.)

Hence Hawaii, being an integral part of the United States, the shipments could in no sense be referred to as importations.

Again, it was said that in the last six years "the Hawaiian imports increased nearly 75 per cent," and then, "probably not 30 per cent of the tillable land is yet improved, so that possibilities are boundless." The increase in tonnage in the last six years has been 43 per cent, as will be apparent by a study of the figures, and the increase in acreage in the same period has been only 6.4 per cent, for practically all the tillable land for which water was available has long since been in use.

Another feature mentioned by the speaker referred to the Japanese workmen of Hawaii. These latter are only about one-fifth of the plantation laborers.

To support my position with reference to Hawaii's status, I quote the following, passed by the Hawaiian Legislature in 1923:

BILL OF RIGHTS

An act to define and declare the claims of the Territory of Hawaii concerning its status in the American Union, and to provide for the appointment of a commission to secure more complete recognition of such claims by the Federal Government

(L. 1923, ch. 86, approved April 26, 1923)

Whereas for a quarter of a century Hawaii has occupied the legal status of full and complete political union with and incorporation into the United States as an integral part thereof, and for half a century prior thereto negotiations and dealings between the two countries looked to such status as the basis for annexation, when effected; and

Whereas a misunderstanding appears to exist in the Congress and in some of the executive departments of the Federal Government as to the status of Hawaii in the American Union, and its rights therein, which misunderstanding has at times resulted in the classification or treatment of Hawaii by the Congress and some of the said executive departments as if it were an "insular possession," in a manner derogatory to the dignity of this Territory; and

Whereas such misunderstanding has led to the exclusion of Hawaii from participating in certain appropriations made to all the States for education, good roads, farm loans, and for other purposes, which exclusion is inconsistent with the rights and to the material loss of this Territory; and

Whereas the Legislature of the Territory of Hawaii views with concern the continuance of said misunderstanding, fearing that it may settle into a permanent discrimination against the Territory of Hawaii; and

Whereas it is in the interest of all concerned that such misunderstanding be removed and the status of Hawaii in the Union definitely and authoritatively established: Therefore

Be it enacted by the Legislature of the Territory of Hawaii:

SECTION 1. Hawaii's claims concerning its status in the American Union: That the Legislature of the Territory of Hawaii hereby makes formal assertion and declaration of the claims of said Territory concerning its status in the American Union, as follows:

BILL OF RIGHTS

1. That the Territory of Hawaii is an "integral part of the United States."

2. That as such "integral part," Hawaii can not, legally, equitably, or morally, be discriminated against in respect of legislation applying to the Union as a whole.

3. That Hawaii is a unit within the American scheme of government with rights and powers differing from those of the States in so far as certain features of a Territorial government differ from those of a State; but Hawaii carries all the financial responsibilities and burdens of a State, so far as the Federal Government is concerned, and functions practically as a State in nearly every other respect. It should therefore be accorded all of the benefits and privileges enjoyed by States, in respect of matters wherein its function and responsibilities are the same as those of a State.

REASON FOR THIS DECLARATION

This declaration and its method of promulgation are extraordinary—unique in the history of legislation.

The reason for this procedure is that an extraordinary and critical situation faces Hawaii—one unique in history.

This extraordinary and critical condition arises out of the following facts:

HAWAII ANNEXED BY AGREEMENT WITH A SOVEREIGN NATION AND NOT BY PURCHASE OR CONQUEST

1. Of all the many acquisitions of territory by the United States, with the exception of Texas, which came into the Union as a State,

by exactly the same procedure as did these islands, Hawaii alone became a part of the Union by voluntary agreement as an independent nation, having sovereign powers coequal with those of the United States.

All other annexations of territory were by purchase or conquest, by virtue of which such territories respectively became the property or "possessions" of the United States, subject to be dealt with as "property," with no limitation upon their treatment by the Federal Government save that of humanity.

HAWAII POSSESSED OF INALIENABLE RIGHTS, TO MAINTENANCE OF WHICH GOOD FAITH OF UNITED STATES IS PLEDGED

2. That under said circumstances and the terms of the agreement of annexation Hawaii is in no sense the "property," or a "possession" of the United States, but became incorporated into and is an "integral part" of the Union, and thereby acquired certain inalienable rights, contractual, equitable, and moral, to the maintenance of which the good faith of the United States is pledged.

HAWAII'S RIGHTS DENIED OR IGNORED

That notwithstanding the foregoing facts, although Hawaii has been held by the Congress and the Executive to the observance and fulfillment of all the responsibilities and burdens incident to its status as an "integral part of the United States," being the same as those imposed upon the several States, the rights of Hawaii, as aforesaid, have, in a growing degree and an increasing number of instances, been denied or ignored by the Congress and some of the executive departments of the Federal Government, to her serious injury and loss.

That examples of such denial or ignoring have been the enactment of laws by the Congress extending financial aid to all of the States for education, good roads, farm loans, maternity, and for other purposes, from the benefit of which Hawaii has been excluded, either directly or by the wording of such acts.

That, in addition to the specific exclusion of Hawaii from participation in said appropriation bills, it has become a practice to classify Hawaii as one of the "insular possessions" of the United States and to officially refer to and treat her as though she were such.

DANGER OF ESTABLISHMENT OF A PRECEDENT

That in view of said policy of excluding Hawaii from said benefits as aforesaid and said classification, there is danger that Hawaii may be held guilty of "laches" and as having, by acquiescence, waived her rights.

DECLARATION ON PART OF THE TERRITORY OF HAWAII

This declaration is therefore made in order to assert and place on record the claims of the Territory of Hawaii to its status in the Union and to its rights under and arising out of the facts herein set forth in the strongest and most formal method possible, viz, by an act passed by its legislature and approved by its governor.

DIFFERENCE BETWEEN THE STATUS OF HAWAII AND THE STATUS OF THE SEVERAL STATES

That this legislature conceives and understands that the principal and material differences between the status of Hawaii and the status of the several States are as follows:

- (1) That certain officers of the Territory are appointed by the President.
- (2) That the Territory of Hawaii does not vote for President or Vice President.
- (3) That the Territory of Hawaii is represented in Congress by a nonvoting Delegate instead of by Senators and Representatives.
- (4) That the Territory of Hawaii operates under a constitution (the organic act) enacted by the Congress.
- (5) That the enactments of its legislature are subject to be repealed or amended by the Congress. (In the 23 years since the organization of the Territory of Hawaii this power has never been exercised by Congress.)

Otherwise than as hereinabove last enumerated, it is hereby claimed that the status of the Territory of Hawaii is coequal with that of the several States.

The Territory of Hawaii therefore claims that it is, and of right ought to be, entitled to participate in the benefits of general legislation, particularly financial legislation and appropriations extended to or made for all the States.

SEC. 2. Basis of claim: The claims of Hawaii, herein set forth, are based upon the following:

- (a) The history of the annexation of Hawaii; the negotiations and procedure in connection therewith; the declarations of American officials conducting such negotiations made during the progress of the same, constituting a part of the *res gestæ* and tending to show the intent of the parties.
- (b) The treaties and legislation effectuating the annexation of Hawaii.
- (c) The interpretation of and construction placed on the treaty of annexation and legislation supplemental thereto, relating to the status and rights of Hawaii as a part of the Union, made by American executive officers in pursuance of their official duties.

(d) The acts of Congress organizing Hawaii into a Territory of the United States and subsequent legislation defining the rights and status of Hawaii in the Union.

(e) The decision of the Supreme Court of the United States relating to the status of Hawaii in the Union.

STATEMENT OF FACTS TENDING TO SUBSTANTIATE HAWAII'S CLAIMS

The following is an enumeration of the principal facts tending to substantiate the claims of the Territory of Hawaii herein set forth:

I. THE ANNEXATION TREATY OF 1854

The annexation of Hawaii was first formally considered between the Governments of Hawaii and of the United States in 1853-54.

At that time President Pierce, of the United States, instructed Secretary of State Marcy to commission D. L. Gregg to represent the United States in Hawaii, to negotiate with Kamehameha III, King of Hawaii, for the annexation of Hawaii to the United States.

The treaty was negotiated upon the basis of Hawaii coming into the Union as a State, "enjoying the same degree of sovereignty as other States, and admitted as such to all the rights, privileges, and immunities of a State, on a perfect equality with other States of the Union."

II. THE STATEMENT OF THE UNITED STATES COMMISSIONER, GREGG

Commissioner Gregg reported to the United States State Department that the Hawaiians would agree to annexation on no other basis than that of full statehood.

He said also:

"The Hawaiian authorities are especially desirous of cultivating friendly relations with the United States and look forward to the time when their country may constitute an integral portion of the great North American Republic."

This is the first time in the history of the annexation of Hawaii that the phrase concerning Hawaii becoming "an integral portion" (or part) of the United States was used.

The treaty was approved by the King and was completed, so far as Hawaii was concerned, awaiting only the King's signature, when his sudden death terminated further consideration of the subject for the time being.

Special attention is hereby invited to the fact that from this time forward, at every stage and in nearly every official document bearing upon the subject of the annexation of Hawaii, the corner stone of the Hawaiian position has been that Hawaii should be annexed "as an integral part of the United States," or words to that effect. There is no deviation from this position.

III. STATEMENT OF SECRETARY OF STATE MARCY

In a dispatch to Commissioner Gregg, in connection with the proposed treaty of 1854, Secretary Marcy said:

"It will be the object of the United States, if clothed with the sovereignty of that country (Hawaii), to promote its growth and prosperity. This consideration alone ought to be sufficient assurance to the people that their rights and interests will be duly respected and cherished by this Government."

(This is the first of a series of official references to and pledges of the good faith of the United States to "respect and cherish the rights and interests" of the people of Hawaii. See statements hereunder of Secretary of State Foster, President McKinley, and President Dole.)

IV. DECLARATION CONCERNING ANNEXATION IN THE CONSTITUTION OF THE PROVISIONAL GOVERNMENT OF HAWAII

Upon the overthrow of the Hawaiian monarchy, January 17, 1893, the principles of the new government were embodied in a proclamation, which constituted the constitution of the new government.

This proclamation announced the abrogation of the monarchy and the establishment of the provisional government. * * * "To exist until terms of union with the United States of America have been negotiated and agreed upon."

V. INSTRUCTIONS OF PRESIDENT DOLE TO ANNEXATION COMMISSIONERS

President Sanford B. Dole, of the Provisional Government of Hawaii, following the overthrow of the monarchy, January, 1893, dispatched commissioners to Washington with instructions to negotiate a treaty with the United States Government, "by the terms of which full and complete political union may be secured between the United States and the Hawaiian Islands."

VI. STATEMENT OF JOHN W. FOSTER, SECRETARY OF STATE UNDER PRESIDENT HARRISON

Upon arrival of the commissioners at Washington, President Harrison approved of the principle of annexation and designated Secretary of State John W. Foster to act on behalf of the United States in negotiating a treaty.

The Hawaiian commissioners asked for admission to the Union as a State.

Mr. Foster replied that the precise form of government would involve many details which would take much time to work out; that "bringing Hawaii into the Union" was the main object in view; that he was not adverse to statehood; but a treaty providing therefor would occasion

debate and delay; that by asking for annexation Hawaii had demonstrated its confidence in the United States, and could be assured that if annexed, that confidence would be justified.

Mr. Foster thereupon proposed that the treaty should provide for the annexation of Hawaii as a Territory of the United States.

This proposition was accepted by the Hawaiian commissioners, who thereupon made formal written request for "full and complete political union" of Hawaii with the United States "as a Territory of the United States."

Upon proceeding to draft the treaty Secretary Foster suggested omission of the provision concerning Territorial government on the ground that the details involved therein might cause delay, and suggested that in place thereof the treaty contain a provision that Hawaii should "be incorporated into the United States as an integral part thereof."

CENTURY DICTIONARY DEFINITION OF "INTEGRAL"

The Hawaiian commissioners were reluctant to accede to the change, but did so after looking up the definition of "integral" in the Century Dictionary, which contains the following:

"Integral * * * relating to a whole composed of parts, spatially distinct (as a human body of head, trunk, and limbs), or of distinct units."

Examples are given:

"The integral parts make perfect the whole and cause the bigness thereof."

"Intrinsic, belonging as a part to the whole, and not a mere appendage to it."

"All the Teutonic states in Britain became first dependencies of the West Saxon King, then integral parts of the Kingdom."

VII. HARRISON ANNEXATION TREATY OF 1893

The treaty was thereupon completed in the form proposed by Secretary Foster, viz, that Hawaii was annexed "as an integral part of the United States," and in this form the treaty was sent by President Harrison to the Senate for ratification.

No action was taken on the treaty prior to the end of President Harrison's term, and President Cleveland, coming into office March 4, 1893, recalled the treaty from the Senate, and no further action was taken concerning it.

VIII. CONSTITUTION OF THE REPUBLIC OF HAWAII PROVIDED FOR ANNEXATION

President Cleveland having declined to consider annexation, the Provisional Government of Hawaii proceeded to transform itself into the Republic of Hawaii, and on July 4, 1894, adopted a constitution enacted by a constitutional convention.

Article 33 of this constitution provided for the making of "a treaty of political or commercial unions between the Republic of Hawaii and the United States, subject to the ratification of the senate"—the senate referred to is that of Hawaii.

(The provision in the constitution concerning a "commercial union" was to make provision for such a treaty if "political union" failed—the administration at Washington being then opposed to the latter. No action was ever taken looking toward a treaty of "commercial union").

IX. THE MCKINLEY TREATY OF ANNEXATION

Upon the accession of William McKinley to the Presidency of the United States a new annexation commission was accredited to Washington by the Republic of Hawaii.

President McKinley approved of the principle of annexation and designated Secretary of State John Sherman to represent the United States in negotiating such treaty. Ex-Secretary of State John W. Foster acted as advisory counsel for the United States.

The Hawaiian commissioners requested that annexation be expressed in the terms of the Harrison treaty, viz, that they be annexed to the United States "as an integral part thereof."

The request was complied with, and the preamble of the treaty recites that the Republic of Hawaii has expressed a desire "that those islands shall be incorporated into the United States as an integral part thereof."

"To this end" the treaty was entered into.

Section 1 of the treaty provides that * * * "the Republic of Hawaii is hereby annexed to the United States of America under the name of the Territory of Hawaii."

X. STATEMENT OF SECRETARY OF STATE JOHN SHERMAN

In a letter by John Sherman, Secretary of State, transmitting the treaty when signed by the plenipotentiaries to President McKinley, he said that, other forms of union being impracticable—

"There remained therefore the annexation of the islands and their complete absorption into the political system of the United States as the only solution satisfying all the given conditions and promising permanency and mutual benefit."

XI. STATEMENT OF PRESIDENT MCKINLEY UPON TRANSMISSION TO THE UNITED STATES SENATE OF THE TREATY ANNEXING HAWAII

In his letter transmitting the treaty to the Senate President McKinley said:

"The incorporation of the Hawaiian Islands into the body politic of the United States is a necessary and fitting sequel to the change of events which, from a very early period in our history, has controlled the intercourse and prescribed the association of the United States and the Hawaiian Islands—the organic and administrative details of incorporation are necessarily left to the wisdom of the Congress, and I can not doubt, when the function of the treaty-making power shall have been accomplished, the duty of the national interests of this rich insular domain and for the welfare of the inhabitants thereof."

XII. RATIFICATION OF THE MCKINLEY TREATY BY THE HAWAIIAN SENATE

In accordance with the constitution of the Republic of Hawaii the McKinley treaty was thereupon ratified by the Hawaiian Senate and the cession of Hawaii to the United States provided for, so far as Hawaii could accomplish the same.

The treaty as a whole was embodied in the resolution ratifying it.

(Annexation was finally consummated, not by ratification of the treaty by the United States Senate but by joint resolution of the Congress.)

The wording of the treaty and the action of the Hawaiian Senate are, however, of vital importance to the issue now under discussion; for the treaty states that it is made "to the end that those islands shall be incorporated into the United States as an integral part thereof," and the ratification of such treaty by the Hawaiian Senate is referred to in the joint resolution of annexation as the cession on the part of Hawaii, upon which the joint resolution was based. The joint resolution therefore incorporates into itself the said basis of annexation as much as though the resolution had contained the words "to the end that those islands shall be incorporated into the United States as an integral part thereof."

XIII. ANNEXATION OF HAWAII BY JOINT RESOLUTION OF THE UNITED STATES SENATE AND HOUSE OF REPRESENTATIVES

The Senate of the United States having failed to act upon the McKinley treaty, a joint resolution of annexation was adopted by both Houses of Congress July 7, 1898, accepting the "cession" provided for by the treaty as ratified by the Hawaiian Senate.

The preamble of the joint resolution recites such "cession" by Hawaii and in the body of the resolution states that "such cession is accepted, ratified, and confirmed."

XIV. STATEMENT OF HAROLD M. SEWALL, UNITED STATES MINISTER AT HONOLULU, UPON FORMAL TRANSFER OF THE SOVEREIGNTY OF HAWAII TO THE UNITED STATES

Upon the occasion of formal transfer of the sovereignty of Hawaii on August 12, 1898, Harold M. Sewall, minister of the United States to Hawaii, presenting to President Dole, of the Republic of Hawaii, a certified copy of the joint resolution, said: "This joint resolution accepts, ratifies, and confirms, on the part of the United States, the cession formally consented to and approved by the Republic of Hawaii."

(The "cession" referred to is the ratification of the McKinley treaty by the Hawaiian Senate, above referred to.)

XV. STATEMENT OF PRESIDENT DOLE UPON THE TRANSFER OF SOVEREIGNTY OF HAWAII TO THE UNITED STATES

In replying to the last above-noted address by Minister Sewall, President Dole said:

"A treaty of political union having been made, and the cession formally consented to and approved by the Republic of Hawaii having been accepted by the United States of America, I now in the interest of the Hawaiian body politic and with full confidence in the honor, justice, and friendship of the American people, yield up to you as the representative of the Government of the United States the sovereignty and public property of the Hawaiian Islands."

XVI. ENACTMENT BY CONGRESS OF AN ACT ORGANIZING HAWAII INTO A TERRITORY

On April 30, 1900, the Congress enacted the Hawaiian organic act, creating Hawaii into a Territory of the United States providing therein, among other things:

"SEC. 5. That the Constitution, and except as herein otherwise provided, all the laws of the United States which are not locally inapplicable shall have the same force and effect within the said Territory as elsewhere in the United States."

XVII. DECISION OF THE UNITED STATES SUPREME COURT CONCERNING THE STATUS OF HAWAII IN THE UNION

In 1903 the Supreme Court of the United States decided unanimously in the case of *Hawaii v. Mankiehl*, One hundred and ninetyeth United States Supreme Court Reports page 197, that Hawaii had been incorporated as an "integral part of the United States."

Several opinions were announced, but on this point the only difference of opinion was as to when such incorporation became complete.

Chief Justice White, speaking for himself and Justices Harlan, Brewer, and Peckham, said, among other things, referring to the McKinley treaty and the joint resolution accepting its terms:

"The preamble of this treaty expressed 'the desire of the Government of the Republic of Hawaii that those islands should be incorporated into

the United States as an integral part thereof and under its sovereignty,' and that the Governments 'have determined to accomplish by treaty an object so important to their mutual and permanent welfare.'"

(See p. 224; also separate opinion of Justice Harlan, p. 227; also p. 225—"By the resolution the annexation of the Hawaiian Islands became complete and the object of the proposed treaty that 'those islands should be incorporated into the United States as an integral part thereof and under its sovereignty' was accomplished.")

XVIII. DECISION BY THE DEPARTMENT OF JUSTICE AND THE BUREAU OF EDUCATION OF THE UNITED STATES UPON THE STATUS OF HAWAII IN THE UNION

After enactment by Congress of the organic act the several executive departments of the United States Government differed in their rulings as to whether general appropriations applying to the States as a whole were applicable to Hawaii, the decisions, as a rule, being that they did.

In 1907 the Territory of Hawaii established a college of agriculture and mechanic arts (now the University of Hawaii) and applied for Federal assistance under the acts of Congress supplementing the Morrill Act.

The executive officers of the Department of Justice and the Bureau of Education gave formal decisions that Hawaii was not entitled to aid under such acts.

Hawaii applied for a reconsideration and reversal of these decisions and presented a statement of facts and arguments supporting her position.

The said officials, upon such reconsideration, reversed their previous rulings and extended the aid provided by Congress to the College of Hawaii, and it has ever since shared in the general appropriations made for such colleges throughout the United States.

XIX. ACT OF CONGRESS REVERSING THE RULING OF THE TREASURY DEPARTMENT AND INCLUDING HAWAII IN GENERAL APPROPRIATIONS

After the final rulings in connection with the College of Hawaii, the Territory of Hawaii applied for aid to its topographic and hydrographic survey, under the general appropriations that were made by Congress for the topographic and hydrographic surveys "of the United States."

The executive officials of the United States Treasury Department decided that this appropriation was inapplicable to the Territory of Hawaii, and refused the latter's request.

Application was thereupon made to Congress for remedial legislation to meet this ruling of the Treasury Department, whereupon Congress passed an act on May 27, 1910, amending section 5 of the organic act by inserting therein the words "including laws carrying general appropriations" so that said section now reads as follows:

"Sec. 5. That the Constitution, and except as otherwise provided, all the laws of the United States, including laws carrying general appropriations, which are not locally inapplicable, shall have the same force and effect within the said Territory as elsewhere in the United States."

Upon the passage of this amendment to the organic act, the Treasury Department changed its ruling, and Hawaii has ever since shared in the general appropriations for such surveys.

XX. HAWAII IS SUBJECT TO EVERY TAX, IMPOST, IMPORT DUTY, AND ALL OTHER OBLIGATIONS IMPOSED UPON THE SEVERAL STATES

As examples:

Hawaii Naval Reserve and National Guard called into Federal service: During the war, the Naval Reserve and the National Guard of Hawaii were called into the service of the Federal Government and served upon the same basis as those of the several States.

Draft law applied in the Territory of Hawaii: The draft law was applied in the Territory of Hawaii upon the same basis as in the several States, and the men drafted served in the forces of the United States.

Federal internal-revenue laws applied to Hawaii: All Federal internal-revenue laws are applied in the Territory of Hawaii upon the same basis as the States.

In 1921 Hawaii paid Federal internal-revenue taxes amounting to \$20,680,103.23, a greater sum than was paid by any one of 17 States.

In 1922 Hawaii paid Federal internal-revenue taxes amounting to \$15,515,063.03, a greater sum than was paid by any one of 19 States.

Federal import customs duties are imposed upon all foreign merchandise entering Hawaii: In 1921 the Federal Government collected import customs duties in the Territory of Hawaii amounting to \$1,426,716.32, besides other charges.

In 1922 the Federal Government collected import customs duties in the Territory of Hawaii amounting to \$1,076,163.12, and other charges.

It will be noted that import customs duties collected by the Federal Government in the "insular possessions" are returned to the local government. This is not the case in the Territory of Hawaii. The entire collections are retained in the Federal Treasury.

It will be further noted that merchandise entering ports of the mainland, upon which customs duties are collected, pass on to interior States, the payment of the duties being, therefore, divided among several if not many States.

This is not so as to imports into Hawaii, where they are all consumed, and the Territory of Hawaii consequently pays the entire amount of the duties.

XXI. ALL CALLS BY NATIONAL GOVERNMENT AND ORGANIZATIONS FOR FINANCIAL CONTRIBUTIONS ARE APPORTIONED TO THE TERRITORY OF HAWAII UPON THE SAME BASIS AS TO THE SEVERAL STATES

Every call made by the Federal Government for subscriptions to Liberty loans and war-savings stamps was apportioned to the Territory of Hawaii upon the same basis as to the several States, and in every instance the Territory of Hawaii "went over the top" in the front rank with wide margins to spare.

Likewise, all calls by national philanthropic, patriotic and relief organizations, national and international, such as the Red Cross, Y. M. C. A., Belgian relief, Near East relief, etc., for funds, have been apportioned to the Territory of Hawaii upon the same basis as to the several States.

XXII. INCLUSION OF THE TERRITORY OF HAWAII IN FINANCIAL AND OTHER OBLIGATIONS AND EXCLUSION FROM FINANCIAL BENEFITS, UNJUST, INEQUITABLE, AND INCONSISTENT WITH PLEDGES MADE TO HAWAII AT TIME OF ANNEXATION

It is submitted that the inclusion of Hawaii in all financial and other obligations imposed upon the States, and the exclusion of the Territory from the financial benefits and aids extended to the States as a whole, is unjust and inequitable, and inconsistent with the pledges and assurances of the United States, made through its executive officials during the negotiation of annexation, as above set forth in the statements of Secretary of State Marcy, Secretary of State Foster, and President McKinley; and also constitutes a failure to meet the trust in the good faith of the United States, expressed by President Dole of Hawaii, upon the occasion of the transfer of the sovereignty of Hawaii to the United States.

"Sec. 3. The Legislature of the Territory of Hawaii hereby expresses its sincere confidence in the good faith and intent of the Congress to do full justice to the Territory of Hawaii, and further expresses its earnest belief that the matters and things herein enumerated as inconsistent with the rights of the Territory of Hawaii grow out of inadvertence or misunderstanding, and will be speedily remedied when the Congress is fully informed of the facts.

"Sec. 4. To the end, therefore, that removal of all misunderstanding in the premises may be speedily accomplished, and such action taken by the Congress and the Federal Executive as may meet and remedy the conditions herein recited, the governor is hereby authorized and empowered to appoint a commission of three persons, one of whom shall be designated as chairman, and to fill vacancies therein if any occur, to prepare such brief and further evidence and argument as may be necessary or proper, and to proceed to Washington, D. C., and, in association with the Delegate to Congress from Hawaii, present and urge the claims of the Territory of Hawaii above set forth with a view to securing from Congress and the Executive, recognition, in appropriate form, of the claims of Hawaii above set forth; more particularly to secure such legislation from Congress, by amendment to existing law or by new legislation as may include Hawaii in all acts in aid of good roads, education, farm loans, maternity, home economics, training in agriculture, trade, and industry, and other acts of a like nature, which apply to the States as a whole, so that such acts may apply to and include Hawaii in the same manner and upon the same basis as they do to the several States.

"Sec. 5. This act shall take effect upon its approval.

That the sugar industry might be better understood I quote the following:

SUGAR IN HAWAII

By E. Faxon Bishop, president C. Brewer & Co. (Ltd.), and former president Honolulu Chamber of Commerce

Industry in Hawaii is nearly 100 per cent agricultural. We have no manufacturing, as the term is usually applied, we have no mines, no lumbering industry, and the whaling fleet passed from the picture more than half a century ago.

Such manufacturing as is done here is incidental to and sustained by the plantations, ironworks, fertilizer works, and the like; all lean on the agricultural pursuits of the Territory. Our agricultural efforts may be said to be confined to two crops—sugar and pineapples—roughly, 75 per cent sugar and 25 per cent pines, if we compare the values of the annual crops produced by each. I am speaking for sugar and the Hawaiian Sugar Planters' Association, an organization representing all of the sugar plantations of Hawaii, with one or two exceptions. As far back as the eighteen forties there were efforts in the direction of sugar, but the first production figures show that in 1860, 572 tons were produced. From 1860 to 1876, the date the reciprocity treaty between Hawaii and the United States became effective, the sugar business in Hawaii was a heartbreaker, and probably more money was put into it than was taken out.

However, in 1876, some 13,000 tons were produced, and with the tariff advantages given us by the treaty, steady progress in produc-

tion took place year by year, and from 13,000 tons in 1876 we increased production to 220,000 tons in 1898, the year of annexation of Hawaii to the United States as a Territory. Just here I would like to emphasize that we are a Territory of the United States in the sense that New Mexico and Arizona were Territories when I went to school. There is a lack of understanding that is surprising of this fact, and we are not infrequently put in the class of being "possessions" along with Porto Rico and the Philippines.

The difference is that we are subject to all Federal laws and restrictions. Porto Rico and the Philippines are not. They control their own customs levies, make their own immigration laws, and pay no income taxes. Our customs and post-office receipts go to the United States Treasury, and I noticed some few years ago that income taxes collected in Hawaii exceeded collections from some 12 States of the Union.

But to get back to sugar. In 1910 our production hit the 500,000-ton figure. In 1923 we produced 545,000 tons, while the following four years, 1924-1927, marked our most rapid and phenomenal growth, the crop of 1927 being 811,000 tons. What caused this wonderful advancement? No new plantations have been started in Hawaii for 20 years past. The old ones have perhaps increased their areas a little around the edges. We have no back country to develop; the pine people are doing that, using lands of the pasture class at elevations too high and too dry for sugar. The phenomenal advance in our production this past four years has been largely due to science and progressive methods in agriculture. The experiment station of the Hawaiian Sugar Planters' Association had its inception, or founding, in 1883, 15 years before we were annexed. Its several divisions of agriculture, chemistry, entomology, pathology, and forestry have all contributed to the scientific results that have meant continued advance of the industry. The agricultural division has produced and developed from seedling work, new cane varieties of higher productiveness, to replace former varieties that failed from plant diseases, invasions of insect pests, and other causes. When a crop failure of this kind takes place in Hawaii it is a serious affair, as it takes several years to replace a crop of one variety that has failed with another that is resistant to the causes that brought about the ruin of its predecessor. The entomologists of our experiment station have achieved things that have been marvelously effective and little short of astounding. Dr. L. O. Howard, chief of the entomological division of the Department of Agriculture at Washington, told me some years ago that the biggest things that had been done in economic entomology had been done in Hawaii, and he had reference to the work of Koebele and Perkins on the leaf hopper and that of Muir on the cane borer. We fight bugs with bugs. The leaf hopper had us in a fair way of being wiped off the map in 1903-1906, and the cane borer was taking a heavy toll on our cane in certain localities. I might mention one instance of a plantation that fell from 19,000 tons to three hundred-odd tons during this period. We are told by the entomological men of science that every bug has a natural enemy in another bug, and the problem is to get the two playing around together. So the work of our scientific men was to search out the parasitic enemy of the hopper and the borer that were so rapidly destroying our crops. This was finally accomplished, but it was a task of several years time and most intensive effort. The parasites sought were in one instance found in the wide reaches of Queensland and the other in the jungles of New Guinea after some perilous experiences and exhaustive physical effort. The transportation of this extremely delicate material from thence to Hawaii was accomplished after several discouraging failures. Then came the breeding of the species on the ground and its distribution to the plantations of the various islands of the Territory.

Anyway it was practically demonstrated that the insect enemy or parasite theory was right, as they ridded us of our two most dangerous pests. It seems also that the parasite is no menace, as his natural prey is his food; and as the one decreases in numbers the other succumbs in like ratio, and the situation is to-day that the danger from these two serious foes to our industry is reduced to a minimum and is held there. When the pest stages a comeback his enemy does likewise, so the situation is held in effective control.

Our experiment station was so well developed and doing such effective work after years of experience when we were annexed to the United States in 1898 that we have continued it and have not called for service from the Department of Agriculture in Washington beyond collaboration and cooperation; furthermore Washington is a long call from Hawaii, and sometimes we are in a hurry and have found it to our advantage to practice the proverb that the Lord helps those who help themselves.

But once again I must go back to the production question. I have stated that in 1927 we bagged up 811,000 tons of sugar. This quantity was harvested from 127,000 acres of land, or an average of 6.37 tons per acre. Forty-eight plantations contributed in this average. The lowest individual plantation average yield was 2.17 tons per acre, the highest 11.30 tons per acre. The variation indicates that part of our oranges are lemons, but more seriously that the plantations with the greatest natural resources of soil, irrigation, water supply, and climatic conditions lead the procession. To-morrow I believe you are to visit

a plantation of this favored class located on this island, and there you will see, perhaps, the greatest sugar estate of the world, although there are two others in this Territory that are close seconds. This company grows all of its own cane excepting a negligible quantity. It has under cultivation upward of 12,000 acres. It has pumping stations that lift 75,000,000 gallons of water daily to a maximum elevation of 450 feet above sea level; a sugar factory with a capacity of 250 tons of sugar per 24 hours; a railway system of 56 miles of permanent track, and the necessary rolling stock to haul 550,000 tons of cane from field to factory during the harvesting seasons. It has a gravity water system of 30,000,000 gallons per day supplied by means of a 3-mile tunnel through the main mountain range of this island, with 10 miles of side tunnels and conduits tributary to it. It is a magnificent industrial organization, but please bear in mind when you look it over that there are only a few of its kind and a goodly number that have a struggle for existence.

I would like to impress upon you the fact that cane in Hawaii is a 2-year crop, not a 1-year growth as in Cuba and other tropical countries, or a 6 or 7 months' crop as in the case of beets. So if our yields per acre amaze you in comparison with other tropical countries you can reconcile the difference by dividing our results by two. The explanation is that we are only subtropical and have not the heat and soil of our tropical competitors. We do grow, to a limited extent, what we call short ratoons; that is, the fields that come off in the early months of this year may be ratooned and harvested in late months of next year. This can only be done, however, on plantations of the favored class, where climate and water enable uninterrupted and rapid growth. We do have some cane also at high elevations that stands as long as 30 months. Nevertheless this situation means that we always have two crops in the ground. We are harvesting one; the second is coming on for next year. From all of this you will get an idea of the extent of plantation operations in the field and the enormous areas that must constantly be cared for. While we harvested last year 127,000 acres, it is probable that our total area under cultivation for all crops was in the neighborhood of 253,000 acres. We must and do fertilize intensively, and our fertilizer costs run from fifty to seventy-five dollars per acre per crop. Irrigation is also costly. At Oahu plantation, which I have already mentioned, their bill for power in connection with pumping plants is a matter of \$365,000 per year, to say nothing of the cost of distribution of the water.

Marketing: Touching the marketing question, the sugars produced in Hawaii, with the exception of, say, 18,000 to 20,000 tons for local requirements, the most of which is absorbed by the pineapple canners, is sent to the two San Francisco refineries, the California & Hawaiian and the Western, in about the proportion of 75 per cent to the former and 25 per cent to the latter. The California & Hawaiian is owned by some 32 plantations in Hawaii, who send their raw production there for refining and marketing. The sugar is sold by the brokerage system, the Pacific Coast States absorbing approximately 43 per cent and the Mississippi taking 57 per cent. Naturally as soon as we operate east of the Rockies we fall into open competition with the beet-sugar producer and in the river territory we meet the eastern refiner. As to ways and the methods of the brokerage business I am not qualified to speak, but it has been the invariable practice of the California & Hawaiian Sugar Refining Corporation to adhere absolutely to their published lists. However, it is a well-known fact that flagrant abuses and unethical practices have crept into the sugar-selling business, and it appears to be the aim of the recently organized Sugar Institute of eastern and other refiners to get away from demoralizing and unfair methods.

I have endeavored to state a few facts about sugar in Hawaii that come into my mind upon reviewing my 45 years' contact with the industry, and I sometimes wonder myself how comes the growth from 50,000 to 800,000 tons in that period, and I believe that it is largely due to the foundations that were laid by the men that were a generation ahead of my time. The New England stock that came to Hawaii as missionaries by the Cape Horn route before there was any other route hither taught more than a narrow religion; they taught industry, thrift, and the arts and crafts; on these have been bullded the sugar industry of to-day. Honolulu was a center in the Pacific theater before San Francisco was little more than a Spanish outpost, when our great Northwest was unexplored and undeveloped, when Alaska was still Russian territory, and what was once called the great West—that immense country between the Missouri and the Pacific coast—was in the making. If you wonder at our oriental population, stop and recall that our development began during a period when the Atlantic seaboard was our supply base via Cape Horn. Is it therefore strange that we drew our labor supply for agricultural requirements from the comparatively near-by Orient? I hope that you will not take away with you a wrong impression on this score. An imperative need of our industry is agricultural labor, the man with the hoe. We have had no Asiatic immigration since the Roosevelt gentlemen's agreement of 20 years ago. The Filipino we do have, and he is at least the ward of the Nation, whatever else he may be. We have our petty squabbles, but the races in Hawaii live in peace and harmony, more so than is the case in certain of the States, where the alien and color question is a serious problem. If these flocks of oriental children that you see in our public schools

disturb you, forget it. Our school system is making loyal Americans of them, and it is inconceivable that those born and educated here will be anything else. The question of race assimilation of the occidental and oriental races is regarded as a serious problem by some authorities, but, so far as Hawaii is concerned, my observation is that these young people will take care of this question among themselves, and in a perfectly natural way.

Having dwelt at length on the sugar industry in Hawaii, may I now refer briefly to the general domestic producer situation, by which I mean the industry within the United States, the beet-sugar States, Louisiana and Hawaii collectively, where sugar is produced under United States conditions, restrictions, impositions, and, of course, tariff protection? The beet States, Louisiana and Hawaii produce approximately—or should under normal conditions—2,000,000 tons, while the balance of our requirements come from Cuba, Porto Rico, the Philippines, with a negligible amount of full-duty sugars from other countries, our total consumption being around 5,500,000 tons. Porto Rico and the Philippines enjoy free entry of their sugars; Cuba has a differential of 20 per cent off the full duty.

There is no question whatever but that the domestic producer is able to exist only by reason of the protective tariff. Cuba is constantly appealing for more favorable terms, through treaty relations or tariff concessions, and therein lies the fear of the domestic producer. Just here enters an element of the issue that is at present in the limelight of national policy, the issue between the agricultural interests of the West and the manufacturing interests of the East and the near West. The question of greater foreign trade in competition with Europe, particularly with the nations of the Western Hemisphere, is a very important issue.

We need foreign trade, beyond question, but we must not acquire it at the price of ruin to our domestic agricultural industry in any of its branches. Agriculture in the United States is having a hard time at present, and it must not be made worse by crushing any of its activities, whether it come about through treaties or by way of tariff concessions. I believe that this will appear logical to you men of the western division of the United States Chamber of Commerce.

It is a well-known fact that the American Chamber of Commerce of Habana is making efforts through its affiliation with the United States Chamber of Commerce to have Cuba granted more favorable treaty terms; in other words, a wider differential in the tariff on Cuban sugars, for which she offers trade concessions of a reciprocal nature. On the face of it this may sound like good business; but again I maintain that any concession to foreign producers that will be at the expense of the domestic agricultural industry is unthinkable, and certainly anything of the kind should not be indorsed by the United States Chamber without the domestic producers being given a full hearing on the subject. Certainly, also, any legislation along these lines by Congress will be bitterly opposed by the domestic producer of the United States. Personally I have an abiding fear that Cuba may be our undoing in this respect. Located as that Republic is, so close to the mainland of the United States, so accessible to thousands of our people, and offering trade concessions that are alluring to our manufacturing interests, she is in a strong position to appeal for substantial favors, particularly as there are large investments of American capital in the island. Hence it seems to me that it is highly important to you men of the West that you watch this situation most carefully lest it may transpire that United States agriculture suffer through concessions made in some other interest, and to the detriment and serious injury, perhaps extinction, of the United States domestic sugar producer. I have no brief for the damnation of Cuba, but I do contend that the Cubans set up no case of unfair treatment by the United States. The present differential gives them a monopoly of our sugar trade in competition with other foreign countries. It is not so long ago that Uncle Sam made war for the freedom of Cuba from tyranny. Again we went in and cleaned up Habana at a cost of fifty millions, since when it has been a clean port so far as yellow fever is concerned, and to-day they enjoy a tariff preference that gives them the advantage in our markets over all other foreign competitors. Uncle Sam has expended much more in Cuba than in his own Territory of Hawaii, if we leave out of the picture the military defenses of this island, which are for the protection of the mainland as much as for us. However, we have no complaint on this score, but we believe that the general domestic sugar producers are entitled to full tariff protection. Otherwise, we must succumb, and in that event Cuba would have a monopoly of the sugar business of the United States and be in a position to make the consumer pay her price.

Our industry is subject to the conditions and standards of American practice. Our villages of agricultural workers must be equipped for good sanitation and comfortable housing. Our people are furnished with comfortable habitations, medical supervision, educational facilities. In other words, we are on the American system. Cuba's labor is seasonal, the flotsam and jetsam of the Antilles. Their immigration laws are apparently wide open. The standard of living among their labor class is far below ours, and they have a free hand in many other respects. All of this is their business and is merely pointed out by way of comparison. I wish them no ill, but I do most earnestly protest that

they be granted, in any form, concessions that will imperil the United States sugar-producing industry, an important branch of American agriculture.

Also part of an address of F. C. Atherton before the forty-sixth annual meeting of the Hawaiian Sugar Planters' Association, Honolulu, November 15, 1926.

PROGRESS OF 20 YEARS REVIEWED BY F. C. ATHERTON—PRODUCTION OF SUGAR INCREASES FROM 430,368 TONS TO 787,246 IN 1926

To the members of the Hawaiian Sugar Planters' Association: One of the real tasks which falls to the lot of the president of the Hawaiian Sugar Planters' Association is that of compiling an annual report. We are all so closely in touch with every phase of the industry that it is a difficult matter to give a review of the outstanding events of the year without presenting matters with which you are all familiar. Instead, therefore, of giving a review covering only the past year, it seemed to me that it would be illuminating and valuable to briefly cite some of the outstanding accomplishments in the industry during the past 20 years. In this way it will be more apparent just what progress has been made and what part this cooperative association and its members have played in its growth and development.

SUGAR PRODUCTION

The total production of sugar in the Territory for the year 1906 was 430,368 tons; for 1916, 587,640 tons; and for 1926, 787,246 tons.

This is the largest crop produced in the history of the islands, exceeding last year's record crop by 11,174 tons. This shows a most substantial and healthy growth and one of which we have reason to be proud.

The query naturally arises: To what is this increase due? To larger areas under cultivation, to a heavier production per acre, or to better extraction and mill efficiency? A comparison of crop areas reveals the fact that, for the 1906 crop, there were harvested 96,230 acres; for the 1916 crop, 114,269 acres; and for the 1926 crop, 123,268 acres.

The amount of sugar produced per acre was 4.47 tons in 1906, 5.14 tons in 1916, 6.39 tons in 1926.

AN 83 PER CENT INCREASE

The foregoing figures show that there has been an increase of 83 per cent in the size of the crop during these 20 years, that 30 per cent of the increase is due to the larger area harvested, but 53 per cent is due to increased production per acre. Of course, weather conditions have a very material effect upon the production of cane and its sucrose content, but from the foregoing figures showing the steady increase in the size of the crop it is very apparent that we are producing much more cane and sugar per acre in the fields.

After discussing this subject with the director of the experiment station, I feel safe in saying that this large increase is due to three main causes:

First, the development of better varieties of cane and more careful selection of seed, which has resulted in the production of heavier yields of cane.

Second, the reduction of losses due to insects and cane diseases through the more scientific control of these insect pests and diseases.

Third, and the principal cause, better agricultural methods. Among better agricultural methods should be included the more intelligent use of fertilizers, more thorough preparation of the soil, an increased water supply, and better cultivation methods.

CANE DEVELOPMENT

Under the subject of better varieties of cane must be mentioned the development of many new seedlings and especially the seedling known as H-109. This is one of the outstanding accomplishments of our experiment station during the past two decades. While there are many very promising seedlings now being developed and tested, up to the present writing none has proved so universally a large producer as H-109. It has one great weakness, however, its susceptibility to eyespot. While this difficulty looms as a serious danger, up to the present time the loss from this disease is more than offset by the cane's wonderful quality of heavy production. The fact, however, of its susceptibility to eyespot is proving a strong incentive to develop a seedling that will produce as heavy a yield of cane with a high sucrose content and yet be immune to eyespot.

Much more attention is also being paid to the selection of seed canes, but to date the work of special bud selection has not given as outstanding results as was first anticipated. However, experiments along this line are still being conducted on many plantations, in the hope that definite progress will be made, both in increasing the stand of cane and also its sucrose content. The spread of the Lahaina disease has been a distinct blow to the industry, but it resulted in stimulating the development of other varieties of cane to take the place of Lahaina. While H-109 is not as rich in sucrose as Lahaina, on the other hand, its rank growth and heavy production have made it even more valuable than Lahaina.

Under the subject of the reduction of losses due to insect pests and cane diseases, it is interesting to look back approximately 20 years and recall the very large losses which the plantations were suffering from the depredations of the leaf hopper, the cane borer, and other pests. To-day, owing to the parasites which have been introduced by the entomologists of the station, losses from the leaf hopper and the cane borer are almost insignificant. This sense of security against loss, however, is due in large measure to the constant vigilance of the managers and entomologists of the experiment station and the continual propagation of parasites to combat these injurious insects. While there are other insects and diseases that are causing some losses, the splendid work of specialists in the field of entomology and plant pathology makes us feel fairly secure against any large damage to our crop from these sources.

CROP HARVESTED EARLIER

Under the subject of better agricultural methods, there should be specially mentioned the more general custom of getting off the crop earlier in the year and starting the ratoon and plant crops not later than early summer. This results in the cane having the benefit of two summers' growth, which produces a much heavier stand. There are also those who advocate the short-cropping system, resulting in two crops in three years, and this entails the custom of the extension of the grinding season into the late summer or early fall. Along with both practices is that of the general abandonment of cutting back, which one of our best managers has referred to in my hearing on several occasions as an "invention of the devil."

Referring to the more intelligent use of fertilizers, I might also mention the increase of nitrogenous fertilizers and the early application of fertilizers during the second season, also the more general custom of the plantation managers of having the soils of their plantations analyzed and fertilizers manufactured to provide those ingredients which the soils most need.

There are many minor improvements in method and procedure which might be mentioned, but the foregoing cites, in general, the main causes which are responsible for our steadily increasing production. While many of the improvements enumerated above have been brought about on the plantations by the managers, to whom great credit is due for their progressiveness, I feel we owe a large share of this substantial increase to the staff of our experiment station. The increase in the technical force of the station, the practice of having members of the station staff located on each island to carry out experiments on the plantations themselves, in consultation and cooperation with the managers, have all contributed in a very practical way toward bringing about this increased production.

PINE PROGRESS MADE

I do not wish to pass lightly over the improvements in our mills and milling methods, our labor-saving devices, the wonderful irrigation projects which have been developed, resulting in a large increase in the water supply of many of the plantations, all of which have contributed to greater crops. There has been fine progress made in all these branches of our enterprise, but, when taking a bird's-eye view of the industry as a whole, one is impressed with the fact that the outstanding cause of our increased crops is due, not to the more extensive area or to great improvements to our mills and milling methods, but to the fact that we are producing much more cane to the acre; in other words, we are making two stalks of cane grow where one grew before, or growing cane fully 50 per cent heavier than formerly—an achievement of which we can well be proud.

We may well ask ourselves the question, however: Are we reaching the limit of advancement in this line, or is there still opportunity for greater production per acre? It would seem as though some plantations have almost reached their limit, but if one field of 120 acres can produce 141 tons of cane and 18 tons of sugar to the acre, perhaps others can. At least, it is a goal worth striving for, and I believe there is an opportunity to still increase the production on our island plantations by a substantial amount in the next decade. Probably the increase will not be proportionately as large as in the past, but still there is room for further advancement.

RESEARCH WORK ON MOLASSES

We may also ask: Are there other branches of our industry that hold out opportunities for increasing our output? Personally, I believe there is one, and that it offers one of the best fields for scientific research. To-day we are turning out from our mills about 170,000 tons of what we term waste molasses, which is sold at a very nominal figure, consumed for its fuel value and potash residue, used for cattle food, or put back on the fields. Its present value to the plantations is less than \$5 per ton of its weight, and yet this molasses, on the basis of its sugar content, and at the rate of 4 cents per pound for sugar, has a value of practically \$25 per ton. To-day it costs more than that amount to recover the sugar from it, but in these days of scientific advancement I believe there can be devised some method for extracting the sugar to make it profitable. Hence, I should like to see our association devote a substantial sum each year for the next few years to enable more research work to be carried on in this product, and to assign one or more experts in chemical research to this task. Here

is a product with a potential value of approximately \$4,000,000 per annum, for which we are receiving less than \$850,000 in return. Is there any bigger prize for the industry to work for to-day than this? Other industries turn to the maximum use every item of their product, while we go on year after year with this problem unsolved.

SCIENTIFIC INVESTIGATION

More and more we are appreciating the contribution of science to the progressive advancement of our civilization. The scientific mind is the inquiring mind, the mind that is not satisfied with following old methods simply because they have been productive of fairly successful results, but is ever bent on searching out new and better ways of accomplishing results. It shows a spirit and willingness to branch out and experiment and put to practical use every bit of real information gleaned. I feel, therefore, that we should hold out every inducement to the most progressive and well-educated young men we can find, particularly those who approach things from the scientific standpoint, to ally themselves with our industry.

EXPERIMENT STATION

Our experiment station offers one of the finest training grounds one can wish for, affording every facility for carrying on experiments in cooperation with plantation management. Through this department of our industry, we are building up a trained personnel to assist in the work of our plantations, and to supply the men constantly needed in all departments. Hence it behooves us to develop this system as far as practicable, through our university and in other ways, and acquaint young men with the opportunities for the very worth-while vocation which the sugar industry offers.

Sugar is a staple product, and its value as a food is being more generally recognized and its consumption steadily increasing. Hence what better field of activity for a young man to enter than one which is concerned with the production of a food in universal demand and forming an absolutely essential part of our daily diet? The rewards to one entering this industry are attractive and should be made just as much so as is possible, in order to draw into its ranks men with the highest ability. Only in this way can we continue to keep in the front ranks.

FORESTATION

Due to the very dry weather which has prevailed throughout the islands this year, more attention has been directed to our water supply and its conservation. We have come to realize as never before what an important part adequate forests play in conserving water. This organization and the plantations represented in it have taken a leading part for many years in carrying on large projects of reforestation. Steady progress is being made in this work and in the testing of recently imported trees and plants for the watershed. The heartiest cooperation has existed for many years past between the territorial bureau of forestry and the plantations.

Recently much help has been received from the Federal Government. Through the aid of airplanes, photographs have been taken of all the ridges and valleys of this island, which clearly show just what areas are most in need of reforestation. This will be of material assistance to the work, as the situation here on Oahu deserves special consideration. It is hoped that negotiations now pending to extend the forest area on the Wai'anae range will be successfully concluded. This large area now used as grazing land should be made a part of the forest reserve so that these lands may be reforested as soon as possible and become valuable watersheds.

LABOR

A very important phase of our sugar industry is that relating to labor, and an annual report is hardly complete without reference to this subject. During the past year labor conditions on the plantations have been most satisfactory. The laborers have shown every indication of being satisfied with conditions which prevail, and have rendered efficient service. With the steady development of the contract or piece-work system, only a small proportion of employees on the plantations are in receipt of the minimum basic wage, while the great majority receive wages much in excess of this. As a concrete evidence of the substantial earnings of laborers, I would cite the following facts:

During September and October of this year there sailed back to the Philippines 723 men who have worked on our plantations from two to five years. They reported having sent back to their homes during their stay here \$203,202, and they had with them when they sailed drafts for \$116,061 besides, making total cash savings of \$319,263 during their term of service here in the islands. In addition, most of them took back with them some of the following articles: Sewing machines, bicycles, phonographs, small pieces of furniture, besides fine trunks and good clothes, as well as many other useful articles. This same situation is repeated at various times during the year. Recent statistics from the banks show that the Filipinos have on deposit in our local banks over \$1,500,000, almost all of this being the savings of plantation laborers.

LIVING QUARTERS

Most of the plantations are continuing the policy of improving the living quarters of their employees and providing more in the way of facilities for recreation. Practically every plantation now has one or

more athletic fields, moving-picture houses, and clubhouses, all of which contribute to the benefit and enjoyment of the employees.

As an indication of what is being done along the line of improving the living quarters of the employees I have ascertained that since the industrial service bureau began keeping records of funds expended in improving houses on the plantations there has been spent in the four years—1922 to 1925, inclusive—the sum of \$3,082,720.17 in remodeling and repairing houses and \$4,264,228.88 in new buildings. Even during the past year, when the price of sugar has been low, the director of this bureau estimates that approximately \$1,250,000 has been spent in repairs, improvements, and new buildings for the employees. In addition to this large sum, there has been spent for medical service and sanitation \$2,648,026.48, and an average of \$100,000 per year for the past four years in improving the domestic supply of water on the plantations. Thus a total of over \$10,000,000 has been spent in the last four years, or at the rate of \$2,500,000 per year, to make the laborers more comfortable and their living conditions more healthful. Can there be any better evidence that the plantations are definitely interested in their employees' welfare than the large sums of money expended annually to furnish them comfortable homes and healthful surroundings?

INDUSTRIAL SURVEY

As you all know, during the past year an industrial survey was made of the plantations, under the direction of A. H. Young, one of the best authorities on industrial relations that America has produced, and head of the industrial relations bureau of Messrs. Curtis, Fosdick, and Belknap, of New York City. The main idea in having this survey made was to ascertain whether our present plantation system and methods of housing and care and treatment of our laborers were in accordance with the best standard practice as developed in other lines of industry, and to secure the best advice possible on how to build up the morale and esprit de corps of employees and secure the best cooperation between employer and employee. At the completion of the survey, Young, the director, in a public statement, made the following observations:

"In carrying out this survey, we have gained a great deal of respect for the high quality of leadership displayed in general throughout the sugar industry. In the main, the directors and managers have not only shown themselves to be good business men but have indicated an interest in the general well-being of the whole personnel of the industry—and of the islands—much in keeping with the best and most constructive leadership in the mainland industries.

ELOQUENT TESTIMONY

"Over long years of pioneer effort a substantial industry has been established, not by exploitation of natural advantages as is so much the case in other sugar-growing areas, but rather, by stern, persistent, consistent, scientific planning and execution to conquer the tremendous obstacles imposed by lack of natural advantages. The success that attends your efforts in such a highly competitive industry is eloquent testimony of individual ability and effective organization.

"I have been greatly impressed by the special housing facilities that are provided for the plantation workers—in general, the homes, the sanitary and medical service are not only far above the accustomed usages of the people who have come from the Orient, but they compare most favorably with the best practices on the mainland."

This certainly is a high tribute to the industry and to those who are responsible for its conduct.

TAXES

I have touched at some length upon some of the difficulties which have confronted the sugar industry during the past two decades and the work being done by the plantations and the experiment station to overcome them and keep the industry successfully operating. However, there is one situation of a most serious nature that confronts us, which is not merely reducing the ability of many plantations to operate at a profit but which is threatening the life of some of them. I refer to the ever-mounting expense of taxes. To show just what the actual situation is I have secured the following data from the tax assessor of the Territory:

In 1906 the total taxes paid in this Territory were \$1,418,768, of which the plantations paid \$841,299; in 1916 the total taxes paid in this Territory were \$3,746,002.65, of which the sugar industry paid \$2,127,567.05; while in 1926 the total taxes assessed amount to approximately \$12,000,000, of which the plantations will pay \$3,936,170, and companies allied with the sugar industry and dependent on it an additional amount of approximately \$1,000,000. Is it not fair to ask what the plantations are receiving in return for this large increase in the taxes paid? A large proportion of the taxes paid by the plantations is being spent in the larger towns and cities for things that are of no value or benefit to the plantations. About the only benefits they do receive are improvements to the roads and larger and better schools.

A 500 PER CENT INCREASE

The taxes of the plantations have been increased almost 500 per cent in the last 20 years, and the tax burden is now a substantial portion of the expense of raising sugar. In fact, last year territorial and county taxes absorbed \$5.21 of the gross proceeds per ton of sugar, or

6.21 per cent. Federal taxes amounted to \$1.71 per ton, or 2.04 per cent of the gross proceeds. Thus, for every ton of sugar produced, taxes absorbed \$6.92 of the proceeds. This is a burden of expense that is steadily mounting, whereas the price received for our product has been steadily going down. What other business could survive a tax of 8.25 per cent on the gross value of its product, when its cost of production is so near said gross value? This situation is resulting in many of the plantations paying more in taxes than is returned to their stockholders, and this does not seem fair. Citizens in general, and especially our territorial and county officials, have the idea that the sugar plantations can meet any taxes levied, and the more they can collect the better it is for all concerned.

I believe the time has come when a campaign of publicity and education should be started to bring home to our legislators, county officials, and citizens the injustice of taxing the plantations so heavily. We all realize that the Territory is growing and many improvements must be made, but we do not need to be extravagant and cast reason to the winds. Nor is it fair to levy such heavy taxes on one industry and spend the greater part of the funds so collected in ways that result in but little benefit to the companies paying the taxes.

SUGAR PRICES

Up to the 1st of September this year we had a fairly low price for sugar. In fact, the average price which has prevailed is the lowest for any year since 1914, averaging, for the first 10 months of this year, 4.21 cents per pound, in comparison with 4.334 cents per pound for 1925. The one redeeming feature in our industry has been the unusually large crop which has been produced on our island plantations. This has helped out to a material extent, but, on the other hand, net profits on almost all plantations have been lower than for many years past. This low price has been due to the large increased production of sugar in many parts of the world, and to the uneconomic methods followed by the Cuban producers of sugar in marketing their crop.

CUBAN PRODUCTION

This fact is very clearly shown in two articles from the pen of Sidney Ballou, one entitled, "Cuban and Domestic Competition in Sugar," published in Facts About Sugar, under date of June 19, 1926, and the other, "Some Aspects of Cuban Reciprocity," published in the same journal under date of July 17, 1926. I commend both of these articles to your reading. They point out clearly that the United States can only absorb just so many tons of sugar, and that the domestic production naturally has the priority; that the methods being followed by the Cubans in marketing their crop are uneconomic and are resulting in heavy losses to themselves and all producers of sugar. Their recent efforts to secure the cooperation of other sugar-producing countries in curtailing production is interesting, but if one analyzes the situation it is very apparent that the Cubans are the chief offenders in the present overproduction.

I have shown that, in the last 20 years, Hawaii's production has increased from 430,368 tons to 787,246 tons, a total increase of 356,878 tons, or 83 per cent. During this same period Cuba's production, computed in short tons which is the basis used in all Hawaiian crop figures, has increased from 1,320,198 tons to 5,470,817 tons, a total increase of 4,150,619 short tons, or 315 per cent. No other sugar-producing country has shown anywhere near such a remarkable increase, so that it is very clear who is responsible for the present overproduction of sugar and consequently low price.

A rather unique experiment is now being tried in Cuba in the hope that it may result in their receiving a better price for their product by reducing this overproduction. Early in May what has been termed the Berdeja bill passed both the senate and the house of Cuba. Under the terms of this bill, during the years 1926-27 and 1927-28 the President of Cuba is granted authority to limit the output of sugar from the plantations to a certain extent, either by setting a limit upon the amount of sugar which they produce, or by setting a date before which the harvesting of the new crop can not begin. Partially as the result of this measure, there was some reduction in the crop this year, but it totaled, as already stated, 4,884,658 long tons, equal to 5,470,817 short tons, while it is estimated that Cuba might have produced fully 5,600,000 short tons. The President of Cuba has recently decreed that no mills shall start grinding the coming crop until January 1, 1927. This should result in reducing to some extent the carry-over of a large surplus of sugar, and help stabilize prices this coming year. This experiment will be watched with keen interest by the sugar world.

CLEAR ILLUSTRATION

The citizens of the United States have had a very clear illustration of what they would undoubtedly have to pay for sugar if the domestic production was greatly reduced or the industry seriously crippled. We have only to look back to the year 1920 to see what happened to the price of sugar when it appeared that there would be a world shortage. Cuba held the key to the situation, and largely as a result of holding back sugars from going to market the price of raw sugar was forced up to 23½ cents per pound, and there was absolutely no justification for such a high price.

In a recent article by Herbert Hoover, Secretary of Commerce, he states as follows:

"There are at present governmentally controlled combinations in nine raw materials—Egyptian long-staple cotton, camphor, coffee, iodine, nitrates, potash, mercury, rubber, and sisal. At present prices, if we maintain the present rate of consumption these commodities will cost us about \$1,200,000,000 for 1926."

WHAT "FAIR PRICES" COST

He then points out that the increase above "fair prices" for these products costs the consumers of the United States annually from \$500,000,000 to \$800,000,000. Hoover then continues:

"In any event, we can well question whether the Nation is safe in assuming that reasonable prices will continuously result from any such controls. In any conception of this situation, the time has arrived when we may well take stock of our present status and future prospects in raw material supplies, and determine what policies we should adopt in national protection."

From the foregoing facts, if any unbiased person will make a careful study of the sugar industry and the present tariff which protects sugar, I believe he can not help but be convinced that this tariff is a wonderful boon to the United States. It not only furnishes a revenue to the United States annually in excess of \$125,000,000, but has fostered and built up a domestic industry that produces over \$200,000,000 worth of sugar a year, all of which is kept in the United States and its possessions, and yet this commodity is the cheapest food product in the United States to-day, and sells at a price lower than in almost every other country in the world. Can there be any stronger argument for the justification of the continuation of the tariff on sugar than the foregoing facts?

FUTURE PROSPECTS

What of the future? During the past decade the industry has on the whole been fairly prosperous. In 1920 we had the highest price for sugar that has ruled in over 50 years, followed by a period of depression and heavy losses, which were very trying to all. After these extremes, we seem to be settling down to a period of more normal conditions. Production in Europe, which was so upset during the period of the war, is now back to a pre-war basis, and many countries in other parts of the world have largely increased their outputs. Consumption, however, has increased steadily, and if there is no further large expansion in any country it would seem as though we should have a price for sugar which would permit of fair profits. However, due to the increased cost of most commodities and the decreased purchasing power of the dollar, it is proving very difficult to reduce the cost of production to anywhere near a pre-war figure, while sugar is one of the very few commodities the selling price of which has declined to near that basis; hence the difficulty which most plantations are experiencing in earning a fair return on their invested capital. However, those engaged in the industry have shown in the past real resourcefulness in meeting difficulties and overcoming them. By increased production, more efficiency, splendid organization, and hearty cooperation which prevails generally throughout our industry in these islands, I have faith to believe we can meet the situation and continue to operate our plantations at a profit, provided there is no reduction in the tariff. However, it behooves us all to scan closely our expense accounts and use all means in our power to secure the maximum yields from our fields by all sound, progressive methods. From the present condition of the sugar market and world production and consumption, there is good indication that we can expect somewhat better prices for sugar during 1927, with a consequent increase in our net returns. Hence I believe we can look forward to the coming year with a feeling of assurance.

Mr. HAUGEN. Mr. Chairman, I yield now five minutes to the gentleman from Illinois [Mr. IRWIN].

Mr. IRWIN. Mr. Chairman, it was not my intention to consume any time on the floor of the House in the discussion of this bill; but after careful study of its provisions and after listening to the arguments both for and against it, I have asked for a few minutes to point out some of the features which have appealed to me as being important so as to allay the fears of some of the Members of this House who represent industrial and consuming districts.

We are all agreed that agricultural relief is the great question of to-day—so important that the President of the United States has called Congress into extraordinary session for the solution of the same. I think you will agree with me that there is another great economic question which also demands consideration and which, in my opinion, will be partially solved by the passage of this farm relief bill we are now considering, and that is the unemployment question throughout the country to-day.

The population of this country is increasing at a rate of about 1,500,000 per year, and from a review of the statistics of the United States Department of Commerce, and especially the Bureau of the Census, we find that in 1900 there was approximately a population in the continental United States of 75,000,000 people; of this number we find 30,000,000 living in the cities

and 45,000,000 in the rural districts. In the census of 1920 we find that our population had increased from 75,000,000 to 105,000,000, and of this number 54,000,000 were living in cities and 51,000,000 in the rural districts, showing that the proportion of people living in cities had increased greatly with a corresponding decrease in the people living in rural areas.

Unemployment is the great question in the cities and not in the rural districts, and that is my reason for saying that the passage of this bill will not only help to solve the agricultural question but also the unemployment problem. I have pointed out to you that the trend of the people during the past 20 years is from the farm to the city. The farmers' boys, disgusted with conditions on the farm, are going into the cities, where they must find employment if it can be found, thereby increasing the number of unemployed, because the demand for men does not keep pace with the supply. Now, if we can by legislation make it more attractive for the farmer boys to stay on the farm and to encourage them to return to the farm we have gone a long way toward solving the unemployment problem by lessening the congestion in the cities, thus leaving more jobs to the men in the cities.

Some will no doubt argue that by this "back-to-the-farm" movement you will increase the production of farm commodities and make larger the surplus—the very thing we are trying to curb. Not so. A 200-acre farm will not produce any more wheat, corn, or cotton whether one family or two families live on it, but two families will consume part of the production where only one consumed it before.

Now, ladies and gentlemen of the committee, I think the committee who framed this bill should be congratulated in providing for a farm board and giving that board wide powers in the matter of distribution of farm products. We must not lose sight of the fundamental principles involved in the economy of this whole question, and that is production, transportation, and consumption of farm products. The crop of wheat raised in Montana will be worth little unless there are railroads to transport it to the mills and to the consumer of the East. The flour mills in Minneapolis are worth little unless you have consumers to eat their products. So there is a positive necessity for the existence of mankind to have, first, production; second, transportation; and, third, consumption. These three vital necessities must be so manipulated as to create as perfect as possible an equation so that neither will be out of harmony with the other two. The same conditions do not prevail in different sections of this country. The farmer who lives in the West or Northwest is at a disadvantage compared with those living near consuming markets. The farmer in my district, in the most remote section, lives less than 75 miles from one of the largest cities in the United States, where there is a ready market for all kinds of agricultural products. Naturally his condition is not as acute as those living far removed from markets. Therefore you can see how important it is to give the board a wide latitude in order that equity and justice can be meted out, whether a farmer lives 50 or 500 miles from market. Then, we must have a board with wide powers, so as to make an equitable and just distribution with reference to production, transportation, and consumption.

We hear much on the subject of what is to become of the middlemen, or the men who stand between the producer and consumer. We have many in this class. You can not put them into the productive class, and they are now in the consuming class. I speak of men engaged in the commission business in the handling of wheat, flour, cotton, corn, hogs and cattle, meat products, eggs and poultry, dairy products, vegetables, and fruits. What is going to become of this army of men and women? They must live and are entitled to the protection of the Constitution in the matter of life, liberty, and the pursuit of happiness. Now, if we are going to readjust economic conditions we must take into account all those factors, so as not to unduly upset the fundamental workings, and we must recognize the principles of production, transportation, and consumption. By so doing we will raise agriculture to the dignified position it deserves and give it equality with other industries. And it is my firm belief that this bill, with its various provisions, will do the work, and with a board composed of high-type men with broad vision, I am confident we will in time solve not only the agricultural problem but the unemployment problem as well. [Applause.]

Mr. HAUGEN. Mr. Chairman, I yield 10 minutes to the gentleman from Minnesota [Mr. KVALE].

Mr. KVALE. Mr. Chairman and Members of the House, I expect to vote for the Hoover farm relief bill. For the good and sufficient reason that in all likelihood I shall not be given an opportunity to vote for anything better. I am truly sorry about this, as I think the farmer has deserved better of his Government after the treatment it gave him during the years

of the deflation, in fact during all these years that he has been paying tribute to the eastern manufacturer, the international banker, and the transportation companies, until he is on the verge of desperation.

But it is a beginning. This bill, if enacted into law, will permit—not compel, mind you, but permit—the Government, if it be so minded, to commence to start on a beginning of relief for the farmer, which may at some future time bring results.

And this one thing should not be lost sight of, that when we have placed a Federal farm board law on the statute books we can always amend and change it, and, if we have the votes, improve on it. We have changed the laws governing our other boards. We can do the same in this case.

What makes me somewhat skeptical about much good accruing to the farmer from this law is the fact that the present occupant of the White House has promised, and reiterated the promise, that he expects to carry out the Coolidge policies. Well, I have this to say on that subject, that with all that he has lacked and wanted and needed during the past 8 or 10 years, the one thing in this world of which the farmer has had more than enough is the Coolidge policies. He is fed up on them. He would appreciate a slightly different diet for a few years.

However, I am hopeful. For, while I have not seen any retraction of that promise on the part of our President, I have seen things already that indicate to me, that, after all, President Hoover will not consider himself hog tied to traditions that now belong to history, or forced to travel in the old ruts of people who could not steer an automobile, but that he will make his own policies, be independent, and stand on his own legs. And they are a pretty good pair of legs, at that.

The incident of the junking of the Mayflower is a case in point. It may seem a small matter, perhaps. But to me it means a hundred times more than the saving of \$300,000 a year to the taxpayers of the Nation, although that, too, is worth while. But, to my way of thinking, a man who does not hesitate to administer such a well-deserved rebuke to his predecessor will, I take it, chart his own course, irrespective of what other Presidents have done or have not done.

I like that part of this bill which gives the board broad and extensive powers. I wish they might be even more extensive. The one defect is that the power granted is merely permissive. There is little, if anything, mandatory about it.

And just because of the power granted the board, or rather, the kind of power, the personnel of the board becomes the all-important consideration. This feature has been alluded to and mentioned in some of the speeches on this floor, but it has not been emphasized as it should have been. Here you have the heart and soul of the whole bill. The personnel of the board is the bill. I care very little about the length of the term of office of the chairman of the board, or his salary, or many other things that have been criticized. These are all minor details. The membership of the board will determine what this board will do. There is only one man in the world to-day who knows whether this law will accomplish anything for the farmer or not, and that man is President Hoover. That is, assuming that by now he has a pretty definite idea as to whom he will appoint to sit on that board.

I voted and worked for the bill with the equalization fee in it. I believe it should have been given a fair trial. I think I should be willing to give the debenture plan a trial. And yet I am not at this time worrying either about the equalization fee or the debenture plan or any other proposed solution. My chief, my only worry now is the composition of this board.

If in his appointment of the members of this board President Hoover were to follow in the footsteps of his predecessor and make the same kind of appointments that he made to the various boards in the Government service, then good-by to farm relief—that is, for the farmer and those dependent on him. Supposing President Hoover were to appoint a farmer like Otto Kahn, or such dear and sympathetic friends of the farmer as Julius Barnes and Barney Baruch, then woe to the 40,000,000 United States citizens who have been fleeced by these same people all these years.

On page 7 of the report I read this paragraph:

To prevent these speculative and seasonal depressions, we propose to permit the cooperative associations to set up stabilization corporations to which the Government will advance funds greater than can be mustered by the adverse speculative or trade interests to protect the farmer in the sale of his commodity. We are convinced that no speculator will continue to sell short in a declining market in the face of a powerful organization backed by the Government, which intends to lift off the market, if necessary, enough wheat or cotton, for example, to prevent the price being driven below the real value of the

product. Such an organization should prevent the most disastrous of the farmer's troubles in the past—namely, that often his largest crop has produced his smallest return.

That is fine. Neither contents nor phraseology could be improved upon. But, my friends, suppose you have a Federal farm board that is more friendly to the grain gambler and food speculator than to the producer of food and feed; what then becomes of the beautiful creed and the excellent principles set up in this paragraph? I tell you, Members of the House, that if the President does not appoint a board that is in sympathy with the farmer and is really serious in wanting to help him out of his present wretched condition, we would be much better off not to have a farm board at all.

Listen. You will have one or the other. There is no half-way measure. Either you will have a board that will put the knife to the throat of the grain gambler and speculator and say to him, "Thus far, and no farther," or you will have a board which apparently and ostensibly and on paper will help the farmer, but which on the inside and in reality will help the ones who so far have given us the only farm relief which the Republican Party has given us for eight years, and that has been to relieve the farmer of practically everything he has. If President Hoover will not give us a real, honest-to-goodness farm board, we might just as well enact the multiplication table into law and ask the President to sign that.

Mr. LARSEN. Mr. Chairman, will the gentleman yield?

Mr. KVALE. Yes.

Mr. LARSEN. As the gentleman reads the contemplated organization of the board, does it not appear to him that the chairman of the board is really to be the spokesman for it, and that nothing can occur except as it meets the wishes of the chairman, if the plan is carried out? His salary is not fixed, nor is his term of office.

Mr. KVALE. I think the chairman should have that responsibility. I am willing to grant it to him, and that the man behind the chairman, who is President Hoover, should have the bulk of the responsibility. I say, give it to him.

Mr. LARSEN. And if that is true, why do you need any other members of the board?

Mr. KVALE. Oh, because two heads are always better than one.

I want to mention a couple more paragraphs in the report which appeal strongly to me. Page 4 I read:

We start with the desire to preserve the small units—the small farms, the individual farmer.

And on page 2:

We feel very strongly that the United States both wants and needs an agriculture based upon small farms, independently managed so far as possible by their owners, which will preserve that type of life from which the country has constantly renewed its strength and its leadership. The farm home has meant too much to the Nation to be lost.

Nobler sentiments I have never seen expressed in any report in the six years I have been in Congress. And I can easily conceive of these sentiments emanating from the genial chairman of the committee who was born on the old Haugen homestead in southern Wisconsin and spent his boyhood there, in the heart of the old settlement and the congregation which I had the privilege of serving as its pastor for nearly a quarter of a century. I want to say to you, my friends, in all seriousness, that while I recognize that this is a financial and an economic problem, to me it is vastly more than that. It goes much deeper. It is a moral question. Nay, in its final analysis it is even a spiritual problem; so much so, in fact, that every Christian church in this broad land could well afford to get behind the farm relief problem and help us push it and solve it. If you allow the homes of the Nation to deteriorate you have undermined the Christian church in this country. And by permitting the farmers of the Nation to be reduced to peasantry and the old farm home to be destroyed or lost you have done just that. And, however much some of us may feel disposed to criticize the church, after all I think we will have to admit that up to this time the Christian church has been the greatest moral force known to earth. Perhaps I should apologize for almost preaching a sermon on this floor. But I feel very deeply on the subject. Do not forget this, that the fairest flowers of our civilization have blossomed along the countryside. And the finest characters known to history have had their roots in the soil of the rural districts. [Applause.]

Let me repeat: If President Hoover will appoint a Federal farm board that will fight the enemies of the farmer, the ones who have fleeced him and bled him and taken away his substance, appoint men who will use their best endeavors to rehabilitate him and give him the place which the founders of this

Republic and which God Almighty intended that he should have in this Nation; if he will do this, then I say, God bless Herbert Hoover! And I for one will sing his praises for the next eight years, no matter what else he may do or fail to do. [Applause.]

Mr. HAUGEN. Mr. Chairman, I yield five minutes to the gentleman from Illinois [Mr. HALL].

Mr. HALL of Illinois. Mr. Chairman, during the discussion of the vitally important House bill No. 1, the farm bill, I have been delighted to learn that it is a bipartisan measure. I am intensely partisan on party matters. I think most of us are, and yet I hope that we are Americans before we are partisans and will all, therefore, in the consideration of this bill make our partisan feelings and training subservient to our common desire to help to put upon its feet the great industry of agriculture, which is the basis of all of our progress and without which we would surely die.

I was especially delighted to hear the friendly expressions from such strong Democratic leaders as Mr. CRISP, Mr. ASWELL, and Mr. KINCHELOE, and that they were so nearly in accord with the ideas of the leaders in agricultural thought on this side of the Chamber, Mr. HAUGEN, Mr. WILLIAMS of Illinois, Mr. ADKINS, and Mr. PURNELL.

To me this reveals a healthy frame of mind in this House on farm legislation, and I believe it will result in the full enactment of a workable farm bill along the lines of H. R. No. 1 which will help to work out the salvation of the farming industry.

My life has been spent among farms and farmers. I think I know them both. Farming is my own principal business. I have observed the farmer in his daily toil, and I have noted the results of his labors as reflected in his farm plant and in his bank balance. I have no hesitation in stating that he loves his occupation when it functions normally and that he is loath to change his occupation. He loves his farms, his home, his country, and his flag, and is ever ready to not only fight and die for them in time of necessity but is ready to work and to live for them at all times.

Recent years, however, through conditions largely brought about by the deflation after the World War, have nearly crushed him financially and have driven many of his kind to seek more profitable employment in metropolitan centers, a condition unhealthy, in my judgment, to the body politic.

The reason for their leaving the farm, as Mr. WILLIAMS of Illinois said on this floor the other day, is that "the farmer now gets about 30 cents out of the dollar paid by the consumer of his products and some one else is getting the other 70 cents."

The bill under consideration is designed to iron out this inequality.

Its stated purpose and its real purpose is to assist the farmer to get hold of and control his own business as other lines of basic production does theirs. In fact, it is designed to give him bargaining power over the products of his land and the results of his labors.

It is not designed to and will not produce the result that consumers will pay an appreciable advance in the price of the finished product. It is designed, however, and will produce a result that will bring the farmer and the consumer more nearly together in their dealings, to the advantage of both. It will do more than this. It will put the farmer's business on a sound economic basis. Farming, successful farming, is a profession. It has reached this dignified level in our economic national life and sound business methods must be applied and used to meet the new conditions which confront us. This bill will enable him to apply such methods. The successful operation of it depends largely upon the personality, the ability, and the honesty of the members of the farm board when they are appointed by the President.

The bill is in accord with the expressed ideas of the President. He is a man with a reputation for solving difficult problems. His heart is in this measure and he will make it succeed if his prelection statements are indicative of his intentions and he is a man who means what he says.

I believe he will comb this Nation from Lakes to Gulf and from ocean to ocean to find men capable and experienced, whose lives and activities in the past tend to prove that they will be capable of setting up machinery that would give equality of opportunity to the farmer, a purpose stated in his St. Louis speech during the campaign.

For years we have hoped for and have tried to produce legislation to meet present agricultural conditions. We did not succeed because the real friends of the farmer were divided in their opinions as to methods to be employed. Here and now, in House bill No. 1, is a measure to which we all can subscribe. It will be a start, a long start toward agricultural equality, and we can and probably shall amend it as and when experience points the way.

Now is the time to quit talking and to act and to show to the Nation and to the world that the pledges of both great political parties were not idle words; that each of them meant what they said. Now is the time to pass a farm bill, this farm bill, that will not only redeem the pledges of both parties but will show that Government can help business, not by putting Government in business but by putting business methods in the government of the farming industry.

I am in hearty accord with the bill. I shall vote for its passage and I firmly believe that it will become a law in time to help the farmer in marketing this present year's crop. [Applause.]

Mr. HAUGEN. Mr. Chairman, I yield 10 minutes to the gentleman from Ohio [Mr. THOMPSON].

Mr. THOMPSON. Mr. Chairman, I ask unanimous consent that the speech of the President of the United States to which the gentleman from Texas [Mr. JONES] referred to-day, as appearing in the newspaper, be inserted in the RECORD as a part of my remarks.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. THOMPSON. Mr. Chairman, for more than eight years my committee activities in Congress have been confined to the Agriculture Committee of the House, where I have been at the listening post recording disagreements on technical points raised by the lawyers on the committee.

Within that period I have witnessed the birth and been present at the obsequies of three or four McNary-Haugen bills. I have been surfeited on the arguments of the farm bureau advocates and the debenture plan presented by the granges and the real complaints of the dirt farmers.

However, I always felt safe in the leadership of that grand veteran of legislative service in the House. I refer to the chairman, Hon. GILBERT HAUGEN. I have listened to former Congressman Tinch, who will be well remembered, no doubt by older Members of this body, and have also witnessed the weeding out of other Members of less note, until but two distinguished twin statesmen survive, Hon. FRED S. PURNELL, of corn-borer note, and his colleague on the Rules Committee, the illustrious statesman of Illinois, Hon. THOMAS S. WILLIAMS.

Together with Mr. HAUGEN, by virtue of their ranking membership they became chairmen. They deserve the highest praise and the credit for their part in whipping this most excellent bill into shape. The first thing they did was to set up a subcommittee, nor did they stop there. They included in that subcommittee two distinguished and beloved colleagues, the ranking members of the Democratic side, the Hon. Doctor ASWELL, of Louisiana, and the Hon. DAVID KINCHELOE, of Kentucky.

Thus in the twinkling of an eye the committee was recreated for effective business, and two high-powered Democrats thus became instantly Hooverized, and from that moment there was no longer any politics in the committee, but we instantly became one in the interest of American agriculture.

In the Sixty-seventh Congress Hon. Edward Voigt, of Wisconsin, did the high and lofty trapeze work. To the edification of the House he ridiculed the McNary-Haugen bill, both in committee and on the floor. He made his fight against it so effective and overpowering that the bill was buried under an avalanche of votes. Edward Voigt will be long remembered as one of the ablest lawyers of the House. He now occupies a place on the bench in his adopted State, Wisconsin.

The result of the defeat of the McNary-Haugen bill in the Sixty-seventh Congress was so far-reaching that the influence of the contest was felt in the Agriculture Committee of the Sixty-eighth Congress. The committee lost its bearings and actually became so flabbergasted in that Congress that it could not agree on a farm bill. The committee finally did report out three separate bills, a Federal farm board and surplus control bill, known as the McNary-Haugen bill—equalization fee included, a second bill advocating a Federal farm advisory council by Hon. J. N. Tinch; and a third bill for a national marketing association, built up around the old Yoakum plan, and known as the Aswell bill.

In the Sixty-ninth Congress the committee brought forth the McNary-Haugen bill once more in a new dress. It was backed by a majority of the Agriculture Committee; but, as we all know, was eventually swatted by the veto of former President Coolidge. The word "veto" became translated into a stern fact when the former President declared, "I forbid." But this action on the part of the President was a part of the committee's education. By this time we had become chastened. In the Seventieth Congress the bill was again brushed up and reported out and enacted in a still more modern form. But the President sternly said once more, "It shall not pass." Again that was

part of our education. The Iowa plan was dead. The Republican convention passed on it at Kansas City, and the people confirmed the convention's verdict in the general election. Thus came about the complete surrender of all the dirt farmers and their organizations. Two dirt farmers now on the committee are HON. CHARLES ADKINS, of Illinois, and HON. FRANKLIN MENGES, of Pennsylvania. The latter is a sturdy, striking type of the Pennsylvania "Dutchman"—a gentleman of distinguished ability, and the former is a gentleman of note. He was speaker of the great Illinois Legislature, and one time head of the Agriculture Department of Illinois, under former Governor Lowden. CHARLES ADKINS is a lawmaker, but not a lawyer. All legislation is a compromise. And so this is a composite bill, created by one of the ablest committees of the House. Call the roll of the Agriculture Committee and you will discover the ablest legal minds in the House—HON. FRED S. PURNELL; HON. TOM S. WILLIAMS, of Illinois; HON. FRANKLIN FORT, of New Jersey, probably the best beloved man on the committee, representing a farmless district; HON. DAVID KINCHELOE, of Kentucky; HON. CLIFFORD R. HOPE, of Kansas; HON. SIDNEY BRIGHAM, of Vermont; HON. MARVIN JONES, of Texas; HON. WILLIAM N. LARSEN, of Georgia; and last but by no means least, we discover that genial, good fellow and all-around wit, who reminds us very much in his physical make-up of the noted actor, Douglas Fairbanks—JOHN D. CLARKE, of New York. Then there is the gentleman from Michigan, who has a pronounced Yankee flavor in his forceful public speeches. He is an educator and a grange lecturer. He is not a lawyer, but has developed into an able lawmaker. I refer to HON. JOHN CLARK KETCHAM, of Michigan. Then there is Mr. NELSON, of Missouri, a new Member who has already made his mark. He is an educator and a real dirt farmer.

These gentlemen and all the others of the committee contributed freely and gladly of their talent in the framing of this splendid gesture in the right direction, and as the bill is now presented to the House, so far as I know, the great State of Ohio heartily approves the work of the committee and is proud to have had a humble part in its consummation. Ohio, the home of McKinley, Harding, Hanna, and Foraker, is always regular; and as this most excellent bill conforms to the platform of the National Republican Party, in convention assembled at Kansas City, it goes without saying that we Republicans of Ohio join our fellow Republicans of sister States and fellow Americans of the South in standing by the bill, and we are earnestly desirous to see it become the law of the land, to be administered by a friendly administration. I think the President will approve this House bill No. 1, as it is written.

During the campaign of 1928 I had occasion to visit West Branch, Iowa, to witness Herbert Hoover's home-coming. In a brief report to my local newspaper I said of that notable meeting:

CONGRESSMAN THOMPSON'S IMPRESSION OF THE IOWA HOMECOMING OF MR. HOOVER

I returned on the Capitol Limited last evening from West Branch and Cedar Rapids, Iowa, where I attended the homecoming of Herbert Hoover and heard his talk to his home folks and saw the town and its local characteristics and associates of Herbert Hoover in his earlier years as an Iowa boy. His experiences were not much different from those of northwestern Ohio boys of the period of 50 years ago.

I remember when we had our own gravel roads; our own cobbler who made our boots and shoes, and our own tannery and our own ashery and our own slaughter house. When we lived in the dense woods of northwestern Ohio and when our folks wanted a little extra change we loaded up a few "butts" and took them to town to sell to secure a little ready money.

Here are a few of the remarks along this line that Herbert Hoover made to his old fellow citizens in West Branch:

"Here in West Branch can be found all the milestones of the changes which have come to American agriculture. Only a mile from here is the farm of my Uncle Allan, where I spent some years of my boyhood. That was just at the passing state of the great pioneer movement. Many farms were still places where we tilled the soil for the immediate needs of the families. We ground our wheat and corn on toll at the mill; we slaughtered our hogs for meat; we wove at least a part of our own clothing; we repaired our own machinery; we got our own fuel from the woods; we erected our own buildings; we made our own soap; we preserved our own fruit; and grew our own vegetables. Only a small part of the family living came by purchases from the outside. Perhaps 20 per cent of the products were sold in the markets to purchase the small margin of necessities which we could not ourselves produce and to pay interest on the mortgage.

"In a half century the whole basis of agriculture has shifted; we have improved seed and livestock; we have added a long list of mechanical inventions for saving of labor; we have increased the productivity of the land. And it has become a highly specialized busi-

ness. There is no longer one industry called farming, but, in fact, a dozen industries. Probably over 80 per cent of its products now go directly or indirectly to the markets and probably over 80 per cent of the family living must be purchased from outside. In the old days, when prices fluctuated in the Chicago market, at most they affected only 20 per cent of the income of the farm. A violent drop in prices could reduce the family income by only 4 or 5 per cent. To-day the same fluctuation in price, affecting as it does 80 to 100 per cent of the products of the farm, can take 25 or 50 per cent away from the net family income and make the difference between comfort and freedom from anxiety or, on the other hand, debts and discouragement.

"I do not suggest a return to the greater security which agriculture enjoyed in its earlier days, because with that security were lower standards of living, greater toil, less opportunity for leisure and recreation, less of the comforts of homes, less of the joy of living."

I drove 408 miles in a horse and buggy up and down Defiance County over dirt and gravel roads, putting in rural routes for the farmers. Now, we have great, shining highways. Harding has come and gone, and President Coolidge's administration will soon be at an end, and I have passed through a period of several years on the Agriculture Committee of Congress, trying to solve the great economic problem of the farmer.

We worked out a plan in Congress which we thought was the good plan, known as the McNary-Haugen bill. Mr. Curtis, the candidate for Vice President, voted for the McNary-Haugen bill. Mr. Dawes, the Vice President, supported it. But President Coolidge saw fit to veto it because he thought the equalization fee was unconstitutional.

That speech of Mr. Hoover settled the farm question for me. I at once felt instinctively that he had passed through a great many of my boyhood experiences, and so I said to myself, "I am willing to trust Mr. Hoover to try to lead the farmers out of the wilderness and on to real farm relief."

The President is recently alleged to have given out to newspapers language something like this:

I regret some farm organizations are again divided on measures of agricultural relief.

One primary difficulty in the whole of this last eight years has been the conflict in point of view in the ranks of the agricultural organizations and the farmers themselves.

A definite plan of principles for farm relief was adopted by the Republican convention at Kansas City. It was the plan of the party; it was not then or now the plan of any individual or group. It was necessarily the result of compromise.

Without entering into the merits or demerits of any other suggestion at the present time, I can deplore that divisions in the ranks of the farmers themselves encourage those who oppose all farm relief and can at best bring only great delays and danger of entire failure.

If after eight years of agitation and debate on a matter so vital to a large part of our people we are to succeed in putting the question out of politics and on the way to solution under economic guidance, we have need of unity in the ranks of the farmers themselves and the different groups which reflect their views in Congress.

The Agriculture Committee of the House, in working out this admirable bill, gave the proper agricultural gesture toward placing the farmer on a business basis and seeking to make him equal with other American industries. I feel that we can all trust our great American President, who, since Washington, is our first great engineer elected to that office. Like Washington, he is fond of agriculture. He is backed by the work, mechanics, and machinery set up in this bill, fostered by one of the ablest Agriculture Committees ever known in this House. We have all worked faithfully and endeavored to draft the bill along the lines laid down by the Republican national platform adopted in Kansas City. The work we have done is therefore regular. It is all wool and a yard wide. I am now very happy to stand up in this presence and say that I heartily indorse the work of this committee and everything contained in report No. 1 and bill No. 1. Eureka! After eight years of hard labors we of the committee have found it at last. After eight years of exacting discussion around the committee tables I commend your attention to the report on House bill No. 1, and especially quote you the analysis and summary of that report, which is as follows:

Section 1, in effect, declares it to be the policy of Congress to place the industry of agriculture on a basis of economic equality with other industries and defines the means of achieving this end. It has been drawn with a view to formally declaring as the policy the exact things which were declared by the political platforms of the last election to be necessary and desirable and does declare to be the policy of Congress every pledge made to the American people by the successful party and its candidate for President.

Section 2 (a): This section creates a Federal farm board consisting of six appointed members, to be appointed by the President and confirmed by the Senate, and the Secretary of Agriculture ex officio. Of the six members the President shall designate one to be chairman,

who shall hold office at his pleasure and whose salary shall be fixed by the President. The five others are to be appointed for 2, 4, and 6 years with their successors serving 6 years, and to receive a salary of \$12,000 a year each. No restrictions whatever are placed upon the presidential power of appointment, and it is believed that it will be possible to secure a board of exceptional talents for this most difficult, powerful, and important work.

In paragraph B of this section the board is given the usual powers for the employment of subordinates and is required to make an annual report to Congress, including recommendations for legislation.

Section 3, paragraph A: This paragraph authorizes the board to establish as an agricultural commodity for its purposes either "any regional or market classification or type of any agricultural commodity" or "any two or more agricultural commodities" which, in the judgment of the board, can be handled better if treated as a single commodity. From the marketing standpoint, for example, the board can treat as a unit, if it so desires, oranges, lemons, and grapefruit, or wheat and rye. Or, in the alternative, if it so desires it can give separate treatment to long-staple cotton from short staple, or to high-protein wheat from durum.

Paragraph B: Having defined for its purposes what it will define as a single commodity, the board is then directed to invite the cooperative associations—as defined later in the act—handling that particular commodity to establish a committee of seven to represent that commodity before the board. A new feature urged upon our committee by numerous representatives of cooperative associations is that this committee shall contain at least two members to be selected by the cooperative associations who shall be "experienced handlers or processors of the commodity." The purpose of this provision is to accomplish what industry accomplishes, namely, the coordination of the various elements in the trade in order that the policy shall be one that is workable. While retaining complete producer control of the committee, therefore, and while leaving the selection of the trade representatives to the farmers' organization itself, it proposes—as is the habit of the Department of Commerce in setting up its trade committees—to get the benefit of the advice of those men who must sell or manufacture the commodity.

This section is notable, further, in that for the first time it proposes a definite organization of agriculture in its relations to the Government along commodity lines. While the bill looks toward assistance to all agriculture, this section recognizes that agriculture is many industries and not one, and proposes separate treatment for each industry.

Section 4: In the long-range view of the problem section 4 is of vital importance. It first charges the board with the promotion of education in cooperative marketing. Many witnesses before our committee pointed out that there was insufficient knowledge among farmers both as to what cooperative marketing could do and what it could not do. They also called our attention to the absence of sufficient education for the training of leaders for cooperative-marketing organizations. Correlative with this educational direction the board is charged to encourage the organization, the improvement in methods, and the development of cooperative associations. We believe that the definite stamp of Government approval upon cooperative associations will materially assist their growth and instill confidence in the minds of the farmers in their methods and management.

The board is further directed to study and report as to prices, experiences, prospects, supply and demand at home and abroad, and to investigate overproduction and to advise as to its prevention. This service is rendered to industry by the Department of Commerce and in part now to agriculture by the Department of Agriculture, but under such a board as is here created it should be greatly expanded in its usefulness to the farmer.

Finally, the board is directed to make investigations and reports and publish the result on a variety of subjects of utmost importance. As has been stated above, our land policies have resulted in bringing into production lands which either should not be now in production or possibly should never be. Such policies have produced both excessive surpluses and disaster for many farmers. No complete investigation on this subject has ever been made, particularly on the economic need of further reclamation and irrigation. We believe that such surveys will be of great help equally in preventing further overproduction, in the development of a sound forestry program, and in the advisory direction of the type of farming to be undertaken in various sections. Other investigations look toward the expansion of markets and the development of by-products and the coordination of transportation facilities to marketing needs. This has a vital bearing upon the waterway program and should prove of service in planning adjustments of present transportation costs.

Section 5, paragraph A: This section authorizes the appropriation as a revolving fund of the sum of \$500,000,000 for loans and advances to agricultural organizations. Unlike previous appropriations, it contains no allocation of the fund to particular types of loan but leaves this to the discretion of the board in order that it may better work out a complete policy. The interest rates are left to be fixed by the board.

Paragraph B: Believing that the development of cooperative marketing is the most important service we can render to agriculture, we

have made loans to such associations the first of the board's financial powers. These loans may be either for effective merchandising, for the construction, purchase, or lease of storage or other marketing facilities, for the formation of clearing houses, or for expanding membership of cooperative associations through educational methods. The loans are limited not only to the purposes defined in the policy section but to such associations as have organization, management, and business policies approved by the board. We have purposely left a very wide discretion to the board in determining wherein any of these services should be aided, and the most effective way to aid them. On the acquisition of facilities we have placed definite limits looking toward the safety of the loan and the avoidance of the construction of new facilities where existing facilities are ample. The facility loans may be repaid over a period of 20 years.

It will be noted that we have not authorized loans for expending membership through promotion activities but only through educational ones. One of the difficulties of the cooperative associations has been overpromotion by unscrupulous or untrained promoters. We believe that proper presentation with Government approval of the merits of cooperative organizations will expand their membership much more safely and rapidly than any direct effort to solicit membership.

The various provisions of this paragraph were urged upon us strongly by many earnest cooperative leaders. A considerable group felt that like loans should be made only through intermediate credit banks, with some liberalization of those banks' powers. We have no jurisdiction as a committee over legislation affecting the intermediate credit or Federal farm bank, and we therefore make no recommendations on this subject. We do believe, however, that the forms of loans we have here provided for are urgently needed for the rehabilitation of agriculture, and that, being so needed, they can be better administered in a board whose general policy and purpose is the coordinated construction and development of a complete marketing system than through an agency necessarily regional in its character, whose approach to the individual applications would be that of a banking institution rather than an effort to work out a comprehensive and related aid to an industry.

Paragraph C: This paragraph looks toward the formation of producer-controlled clearing houses for agricultural commodities. There are numerous commodities, particularly of the perishable type, which, from the evidence produced before us, can probably be greatly aided by the formation of clearing houses either for the joint shipment of products or the joint disposition of them in terminal markets. Stabilization in price in many commodities can be best accomplished through limitation of the supply in any given market at any given time to the demand. In some commodities which are chiefly produced in definite geographical sections these clearing houses should be at the point of production. In others, where the production is more diffused geographically, clearing houses should be at the terminal markets. In either case orderly distribution could be completely upset by the competitive action either of independent handlers, dealers, distributors, or processors. We therefore are giving the board power to assist the producers to set up and control such organizations but to admit to membership the other trade interests, provided those trade interests will agree to abide by the rules laid down by the producers. This plan was presented to our committee by various producer witnesses, some of whom are now engaged in interesting experiments along this line.

We are not convinced as to the ultimate form which such organizations should take nor, indeed, whether the joint action of the trade interests under producer control will always prove successful. We do believe, however, that the clearing-house idea contains enough probable value to justify us in giving to the board the widest possible latitude in experiment with this idea requiring only the perpetuation in any plan of producer control, both of the clearing house and of its policies, in order that the interests of the producer may be protected against the possibility of trade domination of the organization.

Paragraph D: Paragraph D is also an experimental provision. It has been strongly represented to our committee that, particularly in regard to certain varieties of cotton, orderly marketing can be greatly assisted by properly drawn insurance agreements whereby, for an adequate premium to cover the hazard, the cooperative association may be rendered secure against market decline in the basic price of the commodity during the marketing period.

Whether this plan will work or not can be determined only by carefully safeguarded experiment. We have, therefore, given to the board power, upon application both of cooperative associations and of the commodity advisory committee for the entire commodity, to try to work out this plan. Its utility, if workable, will be chiefly in the direction of enabling the cooperative associations to advance to their members with safety a greater percentage of the current market price for the commodity during the producing season than otherwise could wisely be advanced, and thus increase their membership among those who must have practically the whole value of the commodity at the harvest season. It is probable that the correct premium for the hazard assumed can be determined from past price records in such a commodity as cotton, and we have required the board to fix that premium

as a business insurance corporation would fix it if any company wrote that class of insurance. In order to avoid the competition of the Government with private insurers, we have limited the action of the board in the event that private insurers offer like insurance at reasonable premiums.

Paragraph E: This paragraph forbids the board to make a loan or an advance or enter into an insurance agreement if it believes that the effect of such action will be substantially to increase the production of a crop of which we already commonly produce a surplus in excess of our annual requirements. It would be no service to agriculture where the total world production in many crops affects the price, to further increase our production and thereby further decrease the world price. This does not limit the board's power to assist surplus crops where such assistance can be given without further substantially increasing production.

Section 6, Paragraph A: This is the stabilization corporation section. It confers upon the board, but only upon the initiation of the commodity committee, the power to finance stabilization corporations. Such corporations may be organized under the laws of any State; their entire voting stock must be owned by cooperative associations, and any cooperative association must be eligible to be a stockholder; they must adopt such by-laws as the board requires, controlling their operations, and the board must find before making any advances that the marketing situation in the commodity requires the operation of a stabilization corporation. Only one stabilization corporation can be formed in any commodity. This latter provision is necessary since stabilization is impossible through competing agencies.

Paragraph B: The stabilization corporation, so recognized by the board, is given power to act as a marketing agent for its members or stockholders, but they are permitted to market in other ways if they so desire. Once being recognized, the board is authorized to advance working capital to enable the corporation "to produce, store, merchandise, and otherwise dispose of the commodity." These advances may be upon such terms, at such rates of interest and for such periods as the board determines.

Paragraph C: The only limitation upon the utilization of funds by the stabilization corporation are that it shall be operated in the hope of profit and not as a dumping organization, and that it shall not withhold any commodity which it may have purchased from the market if its withholding produces distress to the consumer. This latter provision is, of course, necessary as otherwise it might be possible for the corporation, after purchasing a commodity from the farmers at more moderate prices, to exact exorbitant profits for its own benefit through withholding the necessities of life from the market.

Paragraph D: Since the Government is furnishing the capital for the undertaking, the corporation is required to set up out of its profits adequate reserves before paying dividends. We believe that the operations of stabilization corporations will prove profitable to their cooperative association stockholders as well as to the producers. If so, the corporation should work into a position where it will be financed out of its own profits and need no further Government capital.

If, however, the early operations of the corporation, through poor management or unexpected market conditions, should prove unprofitable, the corporation is not required to repay the advances to the Government until subsequent operations have produced a profit. We are convinced that the losses to the Government through stabilization corporation advances, with intelligent management of those corporations, will be reduced to a minimum both in number and in amount. Other agencies—notably the speculative investor as was shown in the evidence before us—have in the past made large profits out of the purchase of commodities in the years of large production and consequent price depression at harvest period. We see no reason why the cooperative associations through a stabilization corporation should not be equally successful while, at the same time, they protect the price level for the farmer against the drives on price by speculative or other interests hoping to acquire the product at less than its real value.

Section 7: This section provides for cooperation between the various branches of Government and the board, but protects information acquired in confidence by any governmental department against violation of the confidence.

Section 8, paragraph A: This paragraph gives the board an authorization of an appropriation of \$1,500,000 for expenses.

Paragraph B: This paragraph defines cooperative associations for the purposes of the act as limited to what are known as Capper-Volstead cooperatives. At the same time, realizing that, in many commodities, Capper-Volstead cooperatives are not organized in sufficient numbers and strength truly to represent the commodity, it permits the board, when it finds an absence of sufficient cooperative associations, to recognize farmer owned and controlled associations or corporations and to extend to them the provisions of the act.

Paragraph C: This paragraph prohibits any member, officer, or employee from speculating in any food commodity or stock of any company engaged in handling the commodity in any form under heavy penalties.

Paragraph D: This paragraph forbids the disclosure of confidential information, likewise under heavy penalties.

Section 9: The President is here authorized to transfer or retransfer boards or bureaus in other departments of the Government to or from the board in order to make it an effective organization for the purposes for which it is created, and to prevent duplication of efforts.

Section 10: This section controls the auditing of vouchers and the method of handling expenditures.

Section 11: This section provides for the citing of the act as the "Federal farm board act."

SUMMARY

We believe that this program avoids the difficulties on which past legislation has been wrecked. It is so clearly constitutional that we feel it unnecessary to attach a brief to that effect. It offers no subsidy, direct or indirect; the Government is not placed in business; there is no hint of price fixing or arbitrary price elevation; it requires no elaborate machinery and creates no powerful bureaucracy; it imposes no tax upon the farmers; it contains no economic unsoundness.

It does propose to furnish temporarily the capital upon which agriculture can organize to own and control its own business. It embraces all agriculture without assuming control over the farmer. It offers the maximum help the Government can give. It contemplates the stabilization of prices. It requires the initiation of all action by the farmers through their own organizations and gives the board only advisory powers except at their request. It is in accordance with sound economic law. It is the best program that has yet been offered for the relief of agriculture, not only from temporary emergency but from the threat of future disaster. It is—and should be—more than any government has ever offered in behalf of any industry.

Wisely administered, it should assure to agriculture complete economic equality with other industry, and preserve its economic independence.

Upon authority granted me to extend my remarks, I insert the published remarks of the President's attitude on the so-called debenture plan, which was precipitated in debate on the floor of the House to-day. With it I have the authority to also submit authentic copies of the letter of transmittal of Secretary A. W. Mellon, of the Treasury Department; the letter of the Secretary of the Agricultural Department, A. M. Hyde; and also the analysis transmitted through the Department of Commerce by Prof. John D. Black, professor of agricultural economics of Harvard University.

THE WHITE HOUSE,
Washington, April 20, 1929.

The Hon. CHARLES L. McNARY,
United States Senate.

MY DEAR MR. SENATOR: On April 12 I received a call from yourself and Senators CAPPER, HEFLIN, NORRICK, and RANDELL, acting as a subcommittee of the Senate Committee on Agriculture, requesting my opinion on the "export debenture plan" for agricultural relief, since it is a complete departure from the principles already debated during the campaign. I informed the committee that I would request an analysis of the plan by the Departments of Agriculture, Treasury, and Commerce, and would transmit them to the committee together with my conclusions after investigation. The departments have given it earnest consideration and I have just received and studied these reports which I transmit to you herewith.

The principle of this plan as set out in the draft bill of your committee which is before me is to issue a Government debenture to merchants exporting agricultural products in amount of one-half of the tariff on such products—such debentures to be redeemed by presentation for payment of import duties. The assumption is that by creating a scarcity through stimulating exports that the domestic price will rise above world prices to the amount of the debenture—that is, if the debenture on wheat exports is 21 cents a bushel, the price of wheat will be 21 cents higher in the domestic market than in the world market.

I am aware of the arguments put forward in favor of the plan by some of our agricultural organizations, and the arguments of other farm organizations in opposition to it. The proposers advance it in the utmost good faith and earnest desire to assist in solution of a great problem and I regret deeply that I can not agree that this provision would bring the results expected. On the contrary, I am convinced that it would bring disaster to the American farmer.

The weaknesses of the plan as set forth in the Senate bill may be summarized as follows:

1. The issue of debentures to export merchants and their redemption in payment of import duties amounts to a direct subsidy from the United States Treasury. If the plan proposed be generally applied it would cost in excess of \$200,000,000 a year, as it would decrease the Treasury receipts by such an amount.

2. The first result of the plan, if put into operation, would be a gigantic gift from the Government and the public to the dealers and manufacturers and speculators in these commodities. For instance, in the principal export commodities the value of the present volume of stocks in possession of these trades would, if the plan worked, rise by from \$200,000,000 to \$400,000,000, according to different calculations, without a cent return to the farmer or consumer. Every speculator for a rise in our public markets would receive enormous profits. Con-

versely, if, after this elevation of prices, the plan were at any time for any reason withdrawn the trades would suffer a like loss and a long line of bankruptcies must ensue. But in the meantime the trades, out of fear of withdrawal or of reduction in the subsidy, would not engage in normal purchase and distribution. Either exorbitant margins would be required or alternatively the farmer would be compelled to himself hold the Nation's stocks until there was a demand for actual consumption.

3. If the increased price did reflect to the farmer, the plan would stimulate overproduction and thereby increase world supply which would in turn depreciate world prices and consequently decrease the price which the farmer would receive and thereby defeat the plan. Stimulation of production has been the outstanding experience abroad where export subsidy has been applied. Overproduction will defeat the plan and then, upon its withdrawal, agriculture would be plunged into a catastrophe of deflation from overexpanded production. The farmer's difficulties to-day are in some part due to this process after the war.

4. The stimulation of production of certain commodities would disturb the whole basis of diversification in American agriculture, particularly in the cotton and wheat sections where great progress is now being made toward a more stable basis of agriculture.

5. Although it is proposed that the plan should only be installed at the discretion of the farm board, yet the tendency of all boards is to use the whole of their authority and more certainly in this case in view of the pressure from those who would not understand its possibility of harm and emphatically from the interested dealers in the commodity.

6. It is not proposed to pay the debentures of subsidies to the farmers but to the export merchants, and it seems certain that a large part of it would not be reflected back to the farmer. It offers opportunity for manipulation in the export market none of which would be of advantage to the farmer. The conditions of competitive marketing at home and abroad and the increased risks would absorb a considerable part of its effect into the distribution and manufacturing trades. Moreover, the theoretical benefits would be further diminished by the fact that debentures would sell constantly at a discount, for the reason that persons paying duties upon imports would not take the trouble to accumulate the debentures and lose interest upon them unless obtainable at a discount.

7. The provision of such an export subsidy would necessitate a revision of the import tariffs. For instance, an export subsidy of 2 cents a pound on raw cotton would mean the foreign manufacturers would be receiving cotton at 2 cents a pound less than the American manufacturer and the foreigner could ship his manufactured goods back into the American market with this advantage. As the subsidy in many cases is larger than the freight to foreign ports and back it raises large opportunities of fraud in return shipment activities.

8. Export bounties are recognized by many nations as one form of dumping. I am advised that a similar action by another nation would be construed as a violation of our own laws. Such laws are in force in the principal countries of our export markets and to protect their own agriculture would probably lead to action which would nullify the subsidy given by us.

9. A further serious question arises again (if the plan did have the effect intended) where the foreign producer of animals would be enabled to purchase feed for less than the American farmer producing the same animals. For instance, the swine growers in Ontario would be able to purchase American corn for less than the American farmers across the border and it would tend to transfer the production of pork products for export to Europe from the United States to Canada. It would have the same and probably even more disastrous effect in dairy products.

10. The plan would require a substantial increase in taxes as no such expenditure or depletion of revenues as this plan implies could be paid from marginal income of the Government more particularly in view of the very large increased expenditures imposed by the naval program, flood control, and other branches of farm relief.

All together, from the above reasons, it is my belief that the theoretical benefits would not be reflected to the American farmer; that it would create profiteering; that it contains elements which would bring American agriculture to disaster.

The introduction of such a plan would also inevitably confuse and minimize the much more far-reaching plan of farm relief, upon the fundamental principles of which there has been general agreement.

Yours faithfully,

HERBERT HOOVER.

THE SECRETARY OF THE TREASURY,
Washington, April 19, 1929.

MY DEAR SENATOR McNARY: The President has requested me to express to you the opinion of the Treasury Department of the principle underlying the so-called export debenture plan of farm relief.

As outlined in a number of bills which have been introduced in Congress, the general plan provides for the issuance of export debentures by the Secretary of the Treasury to exporters of such agricultural com-

modities, or products thereof, as are specified in the bills or which may be designated by a proposed farm board. The debenture rates are prescribed by the bills, or the board, with power in the board to change the rates from time to time. The rates fixed by the recent bills are half the existing tariff rates on the same commodities, except that for tobacco and cotton the rates have been fixed at 2 cents a pound. The debentures will be receivable at par within one year of date of issue in payment of customs duties. In some of the bills the total amount of debentures that may be issued in any one year is limited in some manner relative to the customs receipts. In others there is no such limitation. Generally speaking, the bills also provide for a reduction of the debenture rate and even for total suspension in the event of a very great increase in domestic production of the commodity in question.

The issuance of a Treasury debenture is indistinguishable in principle and in its effect on the Treasury from a cash bounty on exports. Nor is it apparent that payment in debentures rather than in cash offers any advantages. Quite the contrary. If the bounty is paid in cash, the farmer, in whose interests the plan is devised, will more nearly get the full benefit, whereas it is inevitable that he will receive considerably less than the face value of the debenture. The debentures must inevitably sell at a discount if for no other reason than that they involve a certain inconvenience and will entail a considerable cost in handling and marketing, and since they do not bear interest must inevitably be charged with the cost of carrying them until presentation at a customs house. Ultimately most of them will find their way to New York, where approximately half of our customs receipts are paid, and presumably they will be dealt in there at quotations which may vary widely depending on the amount of debentures issued and the demand therefor, seasonal and otherwise. Machinery will have to be set up for transferring debentures from Galveston, let us say, to New York and for their sale there, which will necessarily involve banking and brokerage charges.

If issued in large amounts, as they may well be, it is likely that the debentures will sell at a very considerable discount, which would not only deprive the farmer of a portion of the benefit arising from the debenture rate but represent a bonus to importers and would seriously dislocate the tariff schedules fixed by the Congress. It is not apparent, even admitting the desirability of paying an export bounty, why machinery should be set up the effect of which might be to permit the importation of, let us say, butter from Denmark or wool from Australia at rates lower than those established by law. Such a method of reducing tariff rates would unquestionably injure some American farmers in order to benefit other farmers, whereas if a cash bounty were paid the latter would get the full benefit and there would be no dislocation of tariff schedules such as might prove injurious to our present manufacturing prosperity, which is an important factor in supporting the farmers' domestic market.

The second major question is whether it is economically desirable to pay a cash bounty on the exports of a commodity which is already produced in excess of domestic requirements. I think not. Exports would be stimulated, and, under the pressure of a consequent decreased domestic supply, domestic prices would rise. This would stimulate increased production. In the meanwhile, increased exports dumped on the world market would depress world prices, thus depriving the producer of the full benefit of the contemplated bounty. There is no doubt, I think, but that the effect of this program would be to depress world prices and to increase domestic prices and to give to the American producer a price higher than he would otherwise obtain, the increase, however, not being by the full amount of the cash bounty. But as production increased in this country under the stimulus of higher domestic prices there would be a constant tendency for the bounty benefit to melt away.

It is true that, recognizing this tendency, the various plans proposed provide in the event of sharply increased production for a gradual diminution of the bounty, and even its entire suspension. As framed, however, this action would appear to be too long delayed to be truly effective; and there is a very real danger that a substantial increase will take place in domestic production, leading to the automatic suspension of the bounty, and that the farmer will then find himself in a worse situation than he is to-day.

The truth is that the real justification for a bounty on exports is to encourage domestic production up to a point where the country will be economically self-sufficient. The principle has no application where a country is already producing more than enough to meet its domestic requirements, and under these circumstances an export bounty would seem to be an illogical and unsuitable instrument for effecting a readjustment of domestic prices.

The experience of European countries with bounties on sugar may be of interest in connection with this proposal for a bounty on American agricultural products. The original purpose of the foreign bounties was to stimulate production rather than to increase the income of the agricultural population. A cash bounty was paid the producers of sugar and the results desired were obtained. In Germany it was planned to cover the costs of the production bounty on sugar by collections from an internal-revenue tax on the domestic consumption of sugar, but production increased so far out of proportion to the domestic

consumption that within a comparatively few years the net effect was not to produce revenue. Some time thereafter the sugar bounties so far exceeded the revenue from the sugar tax that the Treasury sustained a considerable loss, while sugar was being sold abroad at considerably less than the domestic price, and somewhat less than the actual cost of production. Consequently, the bounties on such sugar production had to be removed. There were no limits to production in the granting of such bounties.

Moreover, it is hardly to be assumed that foreign countries with important agricultural interests to protect will permit their producers to be subjected to a price war subsidized from the United States Treasury without adopting protective measures. It is highly probable, therefore, that they will levy countervailing tariff rates equal in amount to our export bounty, thus entirely nullifying the effect of the latter as an aid to our producers and drawing the amount of the bounty funds into their own treasuries. The United States was one of the first nations to place countervailing duties against the bounty-produced sugars of the various European countries.

It is apparently contemplated to apply the plan to products of which we produce a surplus and which are on the free list, notably cotton. This must inevitably give rise to insuperable administrative difficulties in order to avoid wholesale fraud. Again, considerable difficulty is now encountered in the administration of the customs laws in determining the component material of chief value in an imported article. In the light of this experience there would be even greater administrative problems in working out the debenture or bounty rate in the case of articles manufactured from agricultural products.

It seems unnecessary to point out that the program will, of course, entail a sharp diminution in customs receipts accompanied by increased expenses of administration and a corresponding need for supplementing the loss by increased taxation along other lines. This in itself is by no means a serious objection if the plan could fairly be said to promise substantial benefit to American agricultural producers.

Very truly yours,

A. W. MELLON,
Secretary of the Treasury.

Hon. CHARLES L. McNARY,
United States Senate.

DEPARTMENT OF AGRICULTURE,
Washington, D. C., April 20, 1929.

Hon. CHARLES L. McNARY,
United States Senate.

DEAR SENATOR: At the request of the President, I am offering you my comments on the export debenture plan in the Ketcham bill, H. R. 12892, Seventieth Congress, first session, "A bill to foster agriculture and to stabilize the prices obtained for agricultural commodities by providing for the issuance of export debentures upon the exportation of such commodities."

Sections 1 to 4 and 10 to 17 of this bill are in the main similar to other farm relief measures providing for a Federal farm board, loans and other encouragement to cooperative marketing associations, price insurance, etc. Sections 5 to 9, to which this analysis will be confined, include the so-called debenture plan.

The export debenture plan proceeds upon the hypothesis that it should be the policy of the Government to raise the level of domestic prices for farm products and to dispose of the surplus upon the world markets at the Government's expense. The discussion of the plan which follows is based on this hypothesis and logically falls under four heads: (1) Would the debenture plan be an effective and convenient means of accomplishing this purpose? (2) What would be the probable cost of this plan? (3) What would be the probable consequences to agriculture of the operation of this plan? (4) What has been the experience of foreign countries that have tried somewhat similar plans?

Before discussing these questions it is necessary to outline the principal provisions of the debenture plan in this bill.

Section 6 designates swine, cattle, corn, rice, wheat, cotton, and tobacco as "debenturable commodities." Other farm products produced in quantities beyond domestic requirements and on which a tariff is levied may be added to this list by presidential proclamation if it is found that the cost of producing the commodity in the United States "is greater than the cost of producing such commodity in competing foreign countries." No attempt will be made here to analyze the possibility of using differences in cost of production as a standard for extending this plan to farm products other than the seven products specified in the bill. It should be noted, however, that since much time would be required in determining cost of production here and abroad, it would not be possible to resort to this feature of the plan in time to meet emergencies due to severe depression in the price of a commodity under the weight of an exceptional surplus.

My comments will be confined to the seven specified commodities. The Secretary of the Treasury is directed to issue to any exporter, under regulations prescribed by the Federal farm board, export debentures in the form of negotiable certificates upon the exportation of debenturable farm products. The following rates are specified:

(1) Swine, one-quarter of 1 cent per pound; fresh pork, three-eighths of 1 cent per pound; bacon, hams, shoulders, and other pork, prepared or preserved, 1 cent per pound; lard, one-half of 1 cent per pound.

(2) Cattle weighing less than 1,050 pounds, three-fourths of 1 cent per pound; cattle weighing 1,050 pounds or more, 1 cent per pound; fresh beef and veal, 1½ cents per pound.

(3) Corn and maize, including cracked corn, 7½ cents per bushel of 56 pounds; corn grits, meal, and flour, and similar products, 15 cents per 100 pounds.

(4) Paddy, or rough rice, one-half of 1 cent per pound; brown rice (hulls removed), five-eighths of 1 cent per pound; milled rice (bran removed), 1 cent per pound; broken rice and rice meal, flour polish, and bran, one-quarter of 1 cent per pound.

(5) Wheat, 21 cents per bushel of 60 pounds; wheat flour, semolina, crushed or cracked wheat, and similar wheat products not specially provided for, 52 cents per 100 pounds.

(6) Cotton, 2 cents per pound.

(7) Tobacco, 2 cents per pound.

The debenture certificate would be negotiable and redeemable at par by the bearer in the payment of import duties within one year from the date of issuance. Except in so far as exporters of debenturable commodities are also importers, the certificates necessarily would be sold sufficiently below par to induce importers to use them in preference to cash in the payment of import duties. Foreign experience shows that import or export certificates usually sell at some discount from par value. To the extent, at least, of such discount, the farmer would lose the full effect of the subsidy in the price he received of the amount of such debenture certificates.

Revenues from import duties would be reduced by the total face value of the debentures issued. The extent of this loss to the Treasury would equal the debenture rate times the quantity exported of each of the debenturable commodities. If the plan had been in operation in the three fiscal years 1926 to 1928 on the basis of the volume of exports in those years, the annual average loss to the Treasury on account of the seven commodities specified in the bill would have been \$153,000,000 or 26.2 per cent of the average of all customs receipts for these years.

In practice, however, the loss to the Treasury would have been greater than indicated in this table because of increased exports. An increase in the price of these products by the amount of the export debenture (less the figure at which the certificates would have sold below par) probably would have stimulated production and would have tended to decrease domestic consumption. The degree to which production might be stimulated, however, would depend upon the level of prices resulting from the use of the debentures and the prospects for increased incomes through the expansion of farm operations.

The administration of the proposed plan would not be difficult. On a strictly theoretical basis it should increase the domestic price of each debenturable farm commodity by the amount of the export debenture, less the discount on the certificate and provided competition between exporters in bidding up the domestic price were sufficiently effective to hold the price of the commodity up to the full amount of the world price, plus the debenture, less the discount on the certificate.

Applying the debenture rates to the average estimated sales by farmers of debenturable commodities for the three fiscal years 1926 to 1928 gives an annual average increase of \$515,000,000 in the gross value of the seven debenturable products marketed by farmers. As a matter of fact, this sum could hardly be realized, because, as already indicated, it is not reasonable to assume that the debenture rate could be translated in full into higher prices to producers, since the debentures would exchange only at some discount. Furthermore, it is possible that exporters may not bid prices up to the full extent of the debenture less the normal exchange discount on the certificate. It is therefore possible that exporters might be in a position to derive an extra profit by not reflecting in prices paid to farmers the real value of the debentures. In order to dispose of the surplus the exporter would have to make some price concessions to meet the competition from other countries and this would tend to depress world prices.

As a consequence of an increase in domestic prices of debenturable commodities, production would be stimulated. Production of debenturable commodities has materially increased following the adoption of debenture plans in foreign countries. In an effort to prevent overstimulation in this country H. R. 12892 (section 8b) provides for a so-called flexible rate of debentures. If the board should find that the average annual production of any debenturable livestock commodity or the average acreage of any other debenturable agricultural commodity "for the last two preceding years has exceeded the average annual production or acreage of such commodity from the seventh to the third preceding year, the board may invoke the flexible debenture." If this increase should be more than 5 per cent, but less than 10 per cent, the debenture rate would be reduced 25 per cent. Should the increase be 10 per cent, but less than 15 per cent, the reduction would be 50 per cent, and should the increase be 15 per cent or more, the "issuance of debentures shall be suspended for a period of one year."

It is very doubtful that the flexible-rate provision of the bill would have any material influence in checking the expansion in production. The average annual acreage of wheat harvested in the past five years has been, in round figures, 55,500,000 acres. Under the proposed plan the producers would be free to increase their average acreage in the first two years of this debenture plan by 5 per cent before being obliged to accept a reduction of 25 per cent in the export debenture. In other words, the farmers could increase the acreage from 55,500,000 to more than 58,000,000 acres before the export debenture of 21 cents would be reduced to 15½ cents. It is hardly reasonable to suppose that the farmers who harvested an annual average of about 55,500,000 acres of wheat in the past five years for an average price of about \$1.20 per bushel would be induced not to expand production by the fear of having to accept an increase of only 15½ cents over this price instead of an increase of 21 cents, the full amount of the debenture.

It appears from our study of the effect of export debentures in other countries that it has operated to increase production. In Germany from 1890-1893 to 1909-1913, under the operation of the plan, the acreage of wheat remains substantially the same, but that the average production increased from 104,000,000 to 152,118,000 bushels, an increase of 46 per cent. In the same country the acreage in rye increased from 14,203,000 to 15,387,000, whereas the average production increased from 245,449,000 bushels to 445,222,000 bushels, an increase of 81 per cent. Substantially the same results were realized with respect to oats and barley. The experience with it in Sweden has been for a relatively short time, but it appears that the wheat area of that country has expanded from 363,000 acres in 1925 to 574,000 acres in 1927, and that the average production has increased from 13,359,000 bushels to 16,151,000 bushels. This increase in yields no doubt was due partly to the increased use of fertilizers and better cultural methods in Germany as in other countries.

As a consequence of the operation of the debenture plan there would be a tendency in farming to shift from many lines of production toward the production of debenturable commodities, especially those with a short production cycle—grain and cotton, for example—the acreage of which could be increased greatly from one year to the next in the expectation of realizing quickly the benefits of the debenture. This would at least temporarily disturb established production programs. Furthermore, should the support of prices provided through this plan be removed, the debenturable commodities would be left in an overstimulated condition and agriculture would stand to suffer accordingly. An inquiry might well be made into the probable effect of the debenture plan upon existing farming. In some sections, notably the South, where leaders of agricultural thought are putting their efforts behind programs of diversified farming, it might result disastrously by putting a premium upon the 1-crop system. The same inquiry might well be made with reference to those States which have made considerable advancement in developing the dairy industry.

It should be noted also that an increase in our exports of a commodity would tend to depress world prices. This would tend to reduce the effectiveness of the debentures and necessitate further increases in debenture rates in order to maintain prices.

While the debenture bill provides for flexible debenture rates with respect to an increase in production, it does not provide a means for making debenture rates responsive to changes in world prices. If, for instance, world conditions of competition and demand affecting a debenturable commodity should be such as to raise the world price to a satisfactory level, there is no provision in this bill for reducing debentures. Should the world price level of a commodity rise materially, there would still be an enhancement of the domestic price above the world level by the amount of the effective debenture. This would tend to give an abnormal stimulus to production.

In considering this or any similar plan it is important to give careful consideration to both sides of the proposal lest the alluring prospects of an immediate increase in prices of the debenturable commodities should obscure the dangers that go with such a plan.

Sincerely yours,

(Signed) ARTHUR M. HYDE, Secretary.

Memorandum from Department of Commerce

ANALYSIS OF THE EXPORT DEBENTURE SCHEME AS CONTAINED IN THE KETCHAM BILL, H. R. 12892

John D. Black (The Annals, Vol. CXLII, March, 1929, p. 381) makes the following statement as to the principles involved in the export debenture plan:

"The essential principle of the export debenture plan is the paying of a bounty on farm products in the form of negotiable instruments called debentures which can be used by importers in paying import duties. The price of domestic farm products would be raised to the extent of the bounty; likewise prices to consumers. The revenues of the Government would be reduced by the amount of the export debentures issued. The maximum height of the export bounty is the import duty; otherwise a return flow of the product would set in."

In the Jones-Ketcham bill the rates which are designated are equivalent to one-half of the present import duties on the commodities named,

while in the case of cotton and tobacco a rate of 2 cents a pound is specified. To make the debenture plan effective it would be necessary to put a tariff on cotton to prevent a back flow of the commodity.

STATISTICAL ANALYSIS SHOWING HOW THE PLAN WOULD WORK

The following statistical analysis is a rough estimate of the increase to producers and cost to public, based on estimates by the United States Department of Agriculture, of the quantity sold of each commodity:

Theoretical increased cost of products to public of specified commodities

| Item | Quantity sold ¹ | | Deben- ture rate | Increased value |
|--------------|----------------------------|--------------------|---------------------|--------------------------|
| | Unit | Amount | | |
| Hogs..... | Pounds..... | Millions 12,500 | Cents ¼ | Million dollars 31 |
| Cattle..... | do..... | 13,500 | ½ | 118 |
| Corn..... | Bushels..... | 500 | 7½ | 37 |
| Wheat..... | do..... | 660 | 21 | 139 |
| Rice..... | Pounds..... | 1,109 | 1 | 11 |
| Cotton..... | do..... | 7,800 | 2 | 156 |
| Tobacco..... | do..... | 1,800 | 2 | 26 |
| Total..... | | | | 518 |

¹ Average total quantity sold by farmers in the production years, 1925-26, 1926-27, 1927-28.

² Average of the rates for cattle weighing less than 1,050 pounds and cattle weighing 1,050 pounds or more.

Theoretical value of debentures based on three years' exports of specified articles

| Product | Average exports, 1925-1927 | Deben- ture rate | Value of debenture |
|-----------------------------|----------------------------------|------------------------|-----------------------|
| Pork (1,000 pounds)..... | 1,100,000 | ¾ | \$4,070,000 |
| Wheat (1,000 bushels)..... | 184,724 | 21 | 38,792,040 |
| Corn (1,000 bushels)..... | 18,087 | 7½ | 1,356,525 |
| Rice (1,000 pounds)..... | 164,730 | 1 | 1,647,300 |
| Cotton (1,000 pounds)..... | 4,657,601 | 2 | 93,152,020 |
| Tobacco (1,000 pounds)..... | 492,137 | 2 | 9,842,740 |
| Cattle (negligible)..... | | | |
| Total..... | | | 148,860,625 |

If the above estimate on cost to the public were calculated on the total crop produced, instead of the portion going to market, the figures would be approximately 20 per cent higher, due mainly to the fact that only 15 per cent of the corn crop is marketed.

In making this calculation it is assumed that the export bonus would be fully effective in raising the price. The total cost to the public would be approximately \$518,000,000, of which \$369,000,000 would be increased cost on domestic consumption and \$149,000,000 public revenues spent on paying bonus.

The above calculation, of course, is only an estimate and does not represent actually what would happen. If there was an increase in production, and assuming that all the increase would be put on the export market, it would no doubt result in some depression of world price levels, and the theoretical gain would not be realized by the producers nor would the theoretical cost be the same to the consumers.

The bill provides that when increased acreage or production reaches 15 per cent, the debenture plan then becomes inoperative and shall be withdrawn. The effect of this would be to leave the industry with an increased production and no protection. Evidently it is the thought of those who have prepared the bill that some means would be found of both raising the prices and controlling production.

It might be observed also that it would be much simpler to pay a straight export bounty. It would have the same effect and would cost the public exactly the same amount and be simpler in operation.

POSSIBILITY OF RETALIATION BY FOREIGN COUNTRIES UNDER ANTIDUMPING LAWS

It should be pointed out that practically all countries, with two or three exceptions, have antidumping laws. It is possible the debenture plan would be interpreted as an export bounty and export dumping, since products would be sold in foreign countries at lower prices than in this country.

USE OF EXPORT CERTIFICATES IN FOREIGN COUNTRIES

Foreign countries have used export certificates, especially Germany, Czechoslovakia, and Sweden. In none of these cases is the situation comparable to the proposed debenture plan. In the first place, the export certificates are given on grain but are only usable for the reimportation of grain.

In both Sweden and Czechoslovakia the scheme apparently is to facilitate the export of certain grades and varieties of grain and imports of other varieties or grades without paying duty.

When the plan was first adopted in Germany the country as a whole was on an import basis when all grains were considered. However, northeast Germany had a surplus, especially of rye, but in shipping this to southwest Germany the railway freight and other charges made the prices in northeast Germany considerably lower than in western Germany. Originally the idea was to give northeast Germany world price plus the tariff without raising prices in western Germany, and in this way practically equalizing the price over the whole country. The export certificates issued in northeast Germany were used to pay import duties on grain into west Germany. However, when production was stimulated in northeast Germany and the number of certificates exceeded the imports, they provided for a time for using the certificate for paying on both coffee and petroleum. There was a protest against this, however, as it amounted to using potential public funds for paying a bounty. The new law enacted in 1925 limits the certificates to the payment of duty on grain.

There is also in effect in both Norway and France an export certificate scheme applying to wheat, due to the fact that both countries must import certain amounts of hard wheat for blending. They use an export certificate on the exportation of soft wheat which can be used in turn to pay tariff on the importation of hard wheat.

APRIL 20, 1929.

[Applause.]

The CHAIRMAN. The time of the gentleman from Ohio has expired.

Mr. ASWELL. Mr. Chairman, I yield to the gentleman from Washington [Mr. HILL].

The CHAIRMAN. The gentleman from Washington is recognized.

Mr. HILL of Washington. Mr. Chairman, I have supported every farm relief measure that has been before Congress during my service as a Member of this House. The solution of the agricultural problem in the interest of the farmers involves by far the most important question confronting the Nation. It is a burning shame that it has not been solved before now. It is not the fault of Congress that it has not been solved. Congress has twice passed a farm relief bill and each time it was vetoed by the former President. We are again engaged in the consideration of this vital question. Briefly stated, the present bill provides a revolving fund of \$500,000,000 and creates a Federal farm board to use that fund:

First. To aid cooperative associations in the merchandising of agricultural commodities and food products thereof.

Second. To aid cooperative associations to construct or acquire by purchase or lease storage or other physical marketing facilities for such commodities and products.

Third. To aid the formation of producer-controlled clearing house associations for the distribution of agricultural commodities.

Fourth. To enter into agreements for the insurance of cooperative associations against loss through price decline in the agricultural commodity handled by the associations and produced by the members thereof.

Fifth. To aid in extending the membership of the cooperative association applying for a loan by educating the producers of the commodity handled by the association in the advantage of cooperative marketing of that commodity.

Sixth. To recognize and finance stabilization corporations to purchase, store, merchandise, or otherwise dispose of farm commodities for the purpose of stabilizing the price thereof.

In addition to the above the Federal farm board is vested with research powers to study the whole subject of agriculture and to make and publish reports thereon in relation to land utilization, production, supply and demand, prices, and markets at home and abroad.

The basis of this bill is voluntary cooperative association of producers. Its success must necessarily depend on the sympathetic attitude of the Federal farm board toward agriculture, and the voluntary cooperation of the farmers in marketing associations to an extent that will give them control of the markets of their products. To be specific, if the wheat farmers of the United States will voluntarily organize themselves into a unified cooperative marketing association for the control of the wheat market through that one marketing channel they will reap the benefits contemplated by this bill; but if they do not so organize they will not reap such benefit. This bill is in effect an invitation or encouragement to the farm producers to organize cooperative associations for the purpose of controlling the distribution and markets of farm products. The responsibility of its success is placed squarely upon the farmers and the remedy offered can be made effective only through the voluntary organization of the farmers to control their own markets. It remains to be seen whether the farmers can so organize.

This bill has the approval of the President and is the administration's plan and remedy for farm relief. I shall support the bill. Neither the so-called debenture plan for the relief of agriculture nor the former McNary-Haugen bill with the equalization-fee provision is acceptable to the President. Should a bill embracing either of these plans be passed by the Congress the President would veto it. It is my opinion that the only real farm relief lies in the adoption of the former McNary-Haugen bill with the equalization-fee provision, or in the debenture plan. There is no possibility of enacting either of these plans into law at this time.

The distressed condition of agriculture demands the support of any measure which offers any hope of its betterment. The present bill presents that hope. I shall vote for it.

Mr. ASWELL. Mr. Chairman, I yield 30 minutes to the gentleman from Georgia [Mr. WRIGHT].

Mr. JONES of Texas. Mr. Chairman, I want to yield some of my time to the gentleman from Mississippi [Mr. RANKIN], and I would like to know how I can obtain recognition for that purpose.

The CHAIRMAN. The Chair will be glad to recognize the gentleman at any time under the agreement entered into as to the control of the time.

Mr. JONES of Texas. That will be all right.

Mr. WRIGHT. Mr. Chairman and members of the committee, I think the President of the United States is to be congratulated on the farm relief message which he sent to Congress last week, in that he makes a rather thorough analysis of the agricultural conditions in the United States and points out that the farmers' troubles are not just one and that no one single piece of legislation will relieve them. I think the President is very sound in those views. Now, this bill under consideration covers only one phase of the farmer's difficulties, and for one I do not entertain for a moment the idea that it is going to afford the relief that the farmers of the country are expecting. It will not be a cure for all his ills. On the other hand, when the bill is enacted into law I believe it will prove a sore disappointment to the great agricultural interests of this country.

Practically the only phase of the farmers' problem covered by this bill is the marketing question.

Now, what has happened? This question of farm relief has been agitated for years. This extra session of Congress has been called to consider it. The President, while making a very splendid analysis of the situation, offers no special remedy. As he said, it is a question for the Congress to solve. Of course, Congress is the proper place to consider it. But we would like to have the advice and views of the President as to remedies. Now, Congress is proposing to pass up this question to a board, so that it comes, to use a common expression, to the point where the buck is passed. That is the case in this instance. [Applause.]

I hope some relief will come to the farmer. I think this plan of marketing and proper distribution of products is a good plan, and if this law is properly administered I think one phase of the farmer's troubles will be largely improved.

My friends, there is no use for intelligent men to try to deceive themselves. You have been trying to do here for eight long years the impossible. You have been trying to flatter yourselves that you could give the farmers relief and still permit to remain on the statute books the present tariff schedules, which will probably be further increased at this extra session. The fundamental trouble with agriculture in this country is just what the gentleman from Illinois [Mr. WILLIAMS] stated in the early stages of this debate, and that is the difficulty of making the farmer's dollar, which is now worth just 70 cents, equal to the manufacturer's dollar, which is worth 100 cents. What brings about the present situation? The protective duty on the necessities which the farmer must necessarily buy to produce his crop and the real and permanent relief that this Congress can afford to the farmer should come from revising the tariff and revising it downward, and thereby lowering the cost of those articles I have referred to, and bringing the farmer's dollar up more nearly to an equality with the manufacturer's dollar. [Applause.]

Various nostrums have been offered; various propositions have been offered here to artificially relieve the farmer. But I am going to the very foundation and root of the great trouble that agriculture finds itself in to-day. Industry has been boosted and pampered and petted and coddled and favored to the exclusion of agriculture, and the result is that you put industry on the top pinnacle and almost put agriculture out of business. The farmer is no mendicant. He asks no special favors or privileges. He simply demands equality under the laws.

Now, Mr. Chairman, I did not rise mainly to discuss this bill. I may say I am going to support it, but I am going to try to improve it when it is taken up for consideration under the 5-minute rule. Notwithstanding the fact that agriculture is in such a serious condition, and that that condition is so acute that the President of the United States found it necessary to convene this extra session of Congress to afford the farmer relief, yet by this bill, which they say will afford the farmer relief, no immediate relief can come, and no relief can come to the farmer under the bill until 1930.

Mr. RANKIN. It comes in after the primaries are had?

Mr. WRIGHT. Yes. That reminds me of the old verse:

Mother, may I go out to swim?

Yes, my charming daughter;

Hang your clothes on a hickory limb,

But don't go near the water.

[Laughter.]

There are one or two other propositions in the bill which I wish to touch upon. I do not see why a provision should not be inserted in the bill whereby this board, when selected by the President, should be chosen from the different regions of the country, from among those who know about tobacco, cattle, corn, meat, cotton, and wheat. Again, any profit that may come from the stabilization corporation is to be deposited in the Treasury; it ought to be put back into the revolving fund to meet any deficit that might occur.

I want also to talk about another subject, which you have not heard much about at this session. That is Muscle Shoals, located in the great State of Alabama. [Applause.]

Now, my friends, one of the greatest burdens that the farmer of the United States carries to-day is his fertilizer bill.

I am not only in favor of giving the farmer aid in profitably selling what he produces, but I am also equally in favor of aiding the farmer to stabilize his cost of production and to regulate and reduce the cost of the fertilizer he buys, which is one of the heaviest bills he has to pay in the growing of his crop, especially cotton.

That we can aid the farmer in reducing the cost of his fertilizer and provide him with a concentrated fertilizer, eliminating the wasteful filler, there is no longer any doubt. In order to give the farmer this aid and not to delay any longer in doing so, I have reintroduced at this session what is known as the Madden bill, and I hope this House will always call it the Madden bill. No Member of this House, since we received the Ford offer for Muscle Shoals from the Secretary of War in 1922, ever equaled Martin B. Madden in his able work and efforts to relieve the farmers' fertilizer burden. [Applause.] He told us that the farmers asked fertilizer relief at Muscle Shoals, and we have promised it to them and we must fulfill our promise. We have not done so as yet, although this House tried to do so following the leadership of Martin B. Madden, John C. McKenzie, the gentleman from Michigan [Mr. JAMES], and some of my colleagues on the Military Affairs Committee.

Mr. LARSEN. Will the gentleman yield?

Mr. WRIGHT. Yes.

Mr. LARSEN. The bill to which the gentleman refers, and which the gentleman says he has introduced, is referred or will be referred to the Military Affairs Committee.

Mr. WRIGHT. It has been referred to the Military Affairs Committee, but that committee is not now in existence.

Mr. LARSEN. The gentleman must realize, then, that under the contemplated scheme the Military Affairs Committee will not be organized at this session.

Mr. WRIGHT. It may not, but should be.

Mr. LARSEN. Does not the gentleman believe it would be for the best interests of the country, and especially the agricultural classes, whom we have met here to serve, or supposedly to serve, if this committee could be organized and function properly for the relief of agriculture?

Mr. WRIGHT. If they want to give the farmer some real relief, that is the thing to do.

Mr. LARSEN. I may say to the gentleman that several days ago I addressed a letter to the President of the United States asking him to use his good offices in organizing this committee for that very purpose.

Mr. WRIGHT. And I suppose his secretary answered you that the matter would be called to the President's attention at the proper time?

Mr. LARSEN. Yes; and that is all I have heard from it.

Mr. WRIGHT. Yes. Now, gentlemen, speaking about this Muscle Shoals proposition, I have been a member of the Committee on Military Affairs of the House for about eight years, and as you know all legislation referring to Muscle Shoals has been referred to that committee, and therefore I have made somewhat of a study of the Muscle Shoals proposition.

The bill to which I have referred, known as the Martin B. Madden bill, of course, has been improved upon from time to time. Various amendments which we thought were proper have been inserted in the bill, but the bill as I have introduced it now is exactly as reported by the Committee on Military Affairs of the House during the closing days of the last session, with the exception of one additional section, which I have added, with reference to the Cove Creek Dam. This provides that the State of Tennessee at the expiration of the lease, 50 years from now, shall have the right to purchase that dam from the Government.

Now, gentlemen, I want to give you just a brief analysis of what this bill is. The bill proposes to lease to the Air Nitrates Corporation and the American Cyanamid Co. the entire properties at Muscle Shoals for a period of 50 years. It provides also for the construction of what is known as Dam No. 3 and also for the construction of the Cove Creek Dam.

Now, just a word or two about the Cove Creek Dam. The site upon which this dam is to be constructed is not on the Tennessee River, but on the Clinch River and is three or four hundred miles above the Muscle Shoals plant, but the engineers have estimated that the construction of this dam would practically double the primary power of every dam on the Clinch River and on the Tennessee River down to and including Muscle Shoals. It is a wonderful engineering proposition. The construction of the Cove Creek Dam itself is not what might primarily be termed a waterpower proposition, because no considerable power, considering the cost, could be generated at that dam, but it would form a great reservoir so that the flow of the streams could be regulated and thereby practically double the capacity of the dams below it.

The lessee is to pay a rental of 4 per cent—

Mr. CRISP. Will the gentleman yield?

Mr. WRIGHT. I will.

Mr. CRISP. The construction of that dam would also lessen flood damages at Chattanooga about 17 per cent, and would it not also open up from 150 to 200 miles of navigation?

Mr. WRIGHT. Absolutely. It is one of the greatest projects the engineers have ever conceived. It would not only double the primary power of all these dams on the Clinch and Tennessee Rivers, but it would open up that great region and would make navigation possible, and also be a potent factor in flood control.

As I was remarking, the lessee proposes to pay a rental of 4 per cent on the cost of Dam No. 2, which is already constructed and in operation, except the pre-war cost of about \$16,000,000.

And, by the way, a part of that \$16,000,000 is properly chargeable, so the engineers say, to navigation.

Then the lessee proposes to pay 4 per cent on the cost of the construction of Dam No. 3 and 4 per cent on the cost of the construction of the Cove Creek Dam, and, in addition to that, they propose to keep up the maintenance of these dams by specified sums—one of \$20,000 and one of \$35,000, and so on—for the entire 50-year period and to donate to the Government all power that may be needed in the operation of the locks.

Not only this, gentlemen, but under the terms of this lease there will be paid annually by the lessee certain sums of money, in addition to the 4 per cent rental, to be known as an amortization fund, which, at interest at the end of 100 years, would absolutely reimburse the Government every dollar it has spent in the construction of these dams.

The lease provides for the appointment by the President of a farm board of nine members, seven of whom are to be appointed on the nomination of farm organizations. There is no salary, but they receive compensation for the actual time they serve together with expenses to be approved by the Secretary of Agriculture.

Now, what do the lessees propose further to do? They propose to manufacture concentrated fertilizer at Muscle Shoals. By the way, some of you gentlemen may not be familiar with commercial fertilizer, but there are three chief elements of plant food contained in it: Nitrogen, phosphoric acid, and potash. You may be surprised to know that the average commercial fertilizer contains only about 300 pounds in a ton of this plant food. The remaining 1,700 pounds is what they call filler or inert matter. Now, what is proposed at Muscle Shoals is to manufacture concentrated fertilizer which will contain, instead of 15 per cent plant food, 60 per cent.

In that connection I want to read from the 1928 report of Secretary Jardine:

Another important branch of the department's fertilizer studies indicates the economy of concentrated fertilizer mixtures. Fertilizers should be marketed in a high state of concentration. Four or five years ago commercial-fertilizer mixtures seldom contained more than

15 per cent plant food. Sale of mixtures entailed the sacking, transportation, and handling of 85 per cent of materials from which the farmer obtained little, if any, benefit. The freight bill paid annually by the American farmer for the delivery of the 7,000,000 tons of fertilizer which he purchases amounts to approximately \$20,000,000. If the concentration of fertilizers should be increased twofold, the freight bill would be cut in two and the annual bill of \$12,000,000 paid for sacks would likewise be halved.

Now, it is proper to say that the fertilizer industry of this country is opposed to this bill. I will call it by its proper name, the Fertilizer Trust. They are opposed to the bill. Why are they opposed to it? For the simple reason that they are not now equipped to manufacture concentrated fertilizer. Their plants are not adapted to making concentrated fertilizer. They insist that they shall give the farmer 15 per cent plant food and the balance is filler on the excuse that the farmer demands it in that way so that he can spread it on the soil.

The American Cyanamid Co. to-day is engaged in the manufacture of concentrated fertilizer, and I might say on the largest scale of any company in the entire world. They are making what is known as ammonium phosphate, and they propose to do it at Muscle Shoals.

Another important thing is that this fertilizer to be manufactured at Muscle Shoals is to be manufactured and sold at an 8 per cent profit. How are we going to know that? Under the terms of the proposed lease this farm board, the members of which are recommended by the farmers, will have complete access to all books, all records, and all papers of the lessees, and it can determine just what the actual cost of the production is. In addition, a thorough auditing is authorized.

You have heard a good deal about Hopewell, Va., and the manufacture of nitrates by the synthetic process as distinguished from the cyanamide process at Muscle Shoals. I undertake to say that the project at Hopewell is in an experimental stage. They advertised at Hopewell this year they were going to sell their product to the farmers, and did take orders for a large quantity and did deliver some; but I am informed that they were not able to fully fulfill their orders.

Another thing, who is to determine what profits the farmer pays the concern at Hopewell? Is there any board to inspect their records or books and look at the expenses of the cost of manufacture? No; the truth is that Chilean nitrate fixes the price in the market for nitrate throughout the country, and the price at which the Hopewell Co. can sell its product is fixed by the market of the Chilean nitrate.

Mr. ALMON. Will the gentleman yield?

Mr. WRIGHT. I yield.

Mr. ALMON. Did not Mr. Brand, executive secretary of the fertilizer industry testify before your committee that they based their objections to the Madden bill on the ground that it would reduce the price of fertilizer in this country?

Mr. WRIGHT. Yes; when testifying before the Military Affairs Committee Mr. Brand, executive secretary of the fertilizer industry in this country, said:

I think if nitrate plant No. 2 were operated by private capital, particularly the enterprise now being considered, which is an efficient and capable corporation able to carry out its engagements, that they would certainly manufacture fertilizer much to the discomfort of the existing industry. They are not people who talk through their hats, they are people who perform.

I remarked a few moments ago that the fertilizer mixers in this country are not prepared to enter into the manufacture of this concentrated fertilizer. While I sympathize with them, can we withhold this great benefit to agriculture in the United States because a particular interest is not prepared to make this fertilizer up to date and in keeping with the economical method of scientific discovery and development? What happened to the old stage coach? That was once our means of travel over this country. The railroads supplanted it, and now it is a thing of the past. What happened to your carriages and your buggies and wagons? There were millions of dollars invested in plants in this country to manufacture wagons and buggies and carriages, and what became of them? When the automobile came they were discarded. So it is going to be in the fertilizer industry. These mixers must meet the modern, scientific development. They must modernize their plants and give the farmer what he requires of concentrated fertilizer at a less price, and save all this freight or else get out of business.

Mr. HILL of Alabama. Mr. Chairman, will the gentleman go into the saving as shown by the testimony before the Committee on Military Affairs?

Mr. WRIGHT. Away back during the Ford offer, no less a citizen than Thomas A. Edison came out with a statement that

this fertilizer could be produced at Muscle Shoals at a saving of 50 per cent of what the farmer was then paying, and the most conservative estimates made in recent years are that it would save the farmer 25 per cent of his fertilizer bill.

Mr. ALLGOOD. Mr. Chairman, will the gentleman yield?

Mr. WRIGHT. Yes.

Mr. ALLGOOD. As I understand, the gentleman has reintroduced this bill at this session.

Mr. WRIGHT. Yes.

Mr. ALLGOOD. And this bill goes before the Committee on Agriculture of the Senate?

Mr. WRIGHT. Yes; if passed by the House or introduced in the Senate.

Mr. ALLGOOD. Could the gentleman's bill be referred to the Committee on Agriculture in the House so that thereby we might procure action at this session of Congress?

Mr. WRIGHT. That is a matter that rests with the Speaker. It could be. There has always been a question as to what committee should have jurisdiction of the bill. The reason it was referred to the Committee on Military Affairs was because of the national-defense feature. This proposed lease takes care of the national-defense feature. The bill could be referred to the Committee on Agriculture. Perhaps it might be better, however, to organize the Committee on Military Affairs, and let it be considered by that committee and reported here, because that committee is familiar with the matter. I do not see any trouble about organizing the Committee on Military Affairs. I believe the membership of that committee would agree to consider this particular bill alone.

Mr. ALLGOOD. What if the Senate should put it on to this other bill as an amendment?

Mr. WRIGHT. And have it come back here in that way? That would be all right. I am trying to set my trap as the negro sets his catfish trap, to get them coming and going. There is another thing that might be done, and that is to add this bill as an amendment to the bill that we are now considering. I think I shall give the chairman an opportunity to rule upon that. After reading the provisions of the preamble to the bill under consideration, it seems to me that the blue sky only is the limit.

Mr. LARSEN. Mr. Chairman, will the gentleman yield?

Mr. WRIGHT. Yes.

Mr. LARSEN. The gentleman referred a while ago to something about the board checking the prices of the fertilizer and holding it down to 8 per cent profit. I would like the gentleman to enlarge on that and show to the membership of the House just how there would be a check if his bill should be passed and the lease you provided for were made to the Cyanamid Co. and other companies. How would the farmer be guaranteed that the fertilizer to be purchased would be sold to him at a profit only of 8 per cent?

Mr. WRIGHT. The bill is very lengthy, and it authorizes the appointment of expert auditors, real auditors, and also a farmer board with full power to ascertain the cost of manufacture, and this board can go there and check up on the cost and determine from time to time what the costs are and whether the company is selling it at cost plus 8 per cent.

Mr. LARSEN. And that in that way would be a guaranty to the farmer.

Mr. WRIGHT. Yes. Mr. Chairman, it has been said that this proposed farm relief bill is an experiment, and it is. Nobody knows what is going to happen under it. Everybody couples with it an "if" or two. If the President would appoint a good board—if the board would do so and so, and if the farmers will cooperate with the board, then something may come out of it. I am here with a concrete proposition, I am here showing you how you can save to the American farmer 25 per cent at least on one the biggest bills that he has to pay, and that is his fertilizer bill. There are no "ifs" and "ands" about it. Is a matter of calculation.

Mr. MANSFIELD. And is it not a fact that the demand for fertilizer is increasing annually?

Mr. WRIGHT. Absolutely. The soil is becoming impoverished, and there is need for it. It is continually increasing. It is one of the big problems of agriculture. I might also say there is another benefit in the intelligent use of fertilizer. As I stated in addressing the House in 1923 on the Ford offer, I pointed out then that the official records of the United States Department of Agriculture showed that from 1916 to 1920 the boll weevil had destroyed each year from 2,000,000 to 3,000,000 bales of cotton. The Department of Agriculture in a bulletin on the boll-weevil problem stated that—

The intelligent use of commercial fertilizers is an important step in the profitable production of cotton under boll-weevil conditions.

Mr. OLIVER of Alabama. Will not the gentleman in his extension of remarks place in the RECORD the amount paid in the different States for fertilizer?

Mr. WRIGHT. I will be glad to give you a few figures on that later on.

The CHAIRMAN (Mr. BOHN). The time of the gentleman from Georgia has expired.

Mr. KETCHAM. I yield the gentleman five minutes more.

Mr. WRIGHT. Mr. Chairman, I am not hostile to the water-power business in this country or to the fertilizer industry, but I want to tell you a little about the history of this legislation. When this bill was considered about seven years ago by the Committee on Military Affairs of the House, the water-power interests appeared and in effect told us that private capital could not afford to make an investment at Muscle Shoals for the completion of this great dam known as the Wilson Dam. They even expressed doubt about the Government's spending another dollar in order to complete the great dam which was then only about one-third completed. The principal reason assigned was that there was no demand at that time for that power, that there would be a long wait, that industries would have to spring up throughout that territory in order to form a market which would absorb the power. The fertilizer industry appeared and said that there was no need for the further manufacture of fertilizer, that there were more factories making fertilizer in the country than were doing well and further that fertilizer could not be produced at Muscle Shoals except at a price which would be prohibitive to the farmer.

About two years went by. The same power people came back before the committee when it looked as if the Ford offer was about to go through and said to the committee that it would be nothing short of a crime to turn this great power at Muscle Shoals over to one company or to one individual; that there existed then wide need of this power, and that they needed it in order to distribute it to their consumers. Then the fertilizer people came back and said, "We have been making a study of conditions at Muscle Shoals, and we find it is entirely feasible to produce fertilizer by the cyanamide process and thereby effect a saving to the farmer of 50 cents on the dollar that he now pays."

There are some things about the cost of fertilizers in the Southern States that I do not believe this House has ever realized. We constantly speak of the fertilizer question in our discussions of Muscle Shoals in terms of nitrates. The total importations of Chilean nitrate for 1928 was slightly in excess of 1,000,000 tons, and the value at our ports was in excess of \$36,000,000. You know Chile is the place where our principal supply of nitrate is derived. You pay \$12.58 export duty before it leaves Chile. Those nitrate mines are largely owned by England and other foreign countries.

Mr. STEVENSON. Mr. Chairman, will the gentleman yield there?

Mr. WRIGHT. Yes.

Mr. STEVENSON. The gentleman knows that only about 12 per cent of that is nitrogen. Yet we pay the export duty and freight on it from South America to the farm.

Mr. WRIGHT. Yes; and they fix the price.

The fertilizer bill, however, of North Carolina in 1928 was nearly \$40,000,000; of South Carolina, more than \$21,000,000; and of Georgia, more than \$26,000,000. In short, Mr. Chairman and gentlemen of the committee, the fertilizer bill paid by the farmers of North Carolina in 1928 was more than the value of all the Chilean nitrate we imported for that year. The farmers in four Southern States—North Carolina, South Carolina, Georgia, and Alabama—paid a fertilizer bill in 1928 in excess of \$100,000,000. Do you realize the fact that during the present year the cyanamide air nitrogen plant in Canada will have a capacity production of 15,000 tons more of pure nitrogen than the pure nitrogen contained in all of the Chilean nitrate imported and used by the farmers for the year 1927? And of the total 1,000,000 tons of Chilean nitrate imported in 1928, the farmers used about 600,000 tons, which contained 90,000 tons of pure nitrogen, while during the present year the cyanamide plant at Niagara Falls will have a capacity production of nearly 82,000 tons of pure nitrogen.

So our farmers pay a power bill for nitrogen in Canada and pay also the freight from Canada on the nitrogen produced, while the power at Muscle Shoals goes to waste.

The saving at Muscle Shoals, however, is not to come to the farmer in cyanamide as such; his saving, both in cost of production and in freight, will come to him by supplying him with ammonium phosphate as provided in the bill, and this contains about 61 per cent plant food. The fertilizer companies of this country do not produce, and their plants are not designed to produce, fertilizers with 61 per cent plant food, but they oppose

the production of concentrated fertilizers at Muscle Shoals in spite of the fact that they have no concentrated fertilizers to sell to our farmers.

There is another phase of nitrogen as a fertilizer that I fear the Members of this House have never studied, nor do they appreciate, and that is the use of cottonseed meal as a fertilizer. In 1914 the tonnage of cottonseed meal reported as used for fertilizer in the South was 881,000 tons, and in 1927 the tonnage so reported was 450,000 tons. The reduction in the use of cottonseed meal as a fertilizer from 1914 to 1927 was due to the larger use and sale of cottonseed meal as stock feed, especially to dairy cattle.

Cottonseed meal yields only 7 per cent of nitrogen, and at the current price of \$45 a ton the farmer pays 32 cents a pound for the nitrogen in cottonseed meal used as a fertilizer. Compare this 32 cents a pound for this cottonseed meal nitrogen with the cost of Chilean nitrate per pound at our ports, which is about 15 cents a pound at the current price. This gives a real economic picture of what transportation means and what the cost of mixing and handling means.

The reason why the farmer uses cottonseed meal as a fertilizer is because when nitrogen in Chilean nitrate reaches his farm it costs him twice as much per pound.

The CHAIRMAN. The time of the gentleman from Georgia has expired.

Mr. ASWELL. Mr. Chairman, I yield to the gentleman five minutes more.

The CHAIRMAN. The gentleman from Georgia is recognized for five minutes more.

Mr. WRIGHT. Now, if the farmer could buy nitrogen at Muscle Shoals even at 15 cents a pound, would he use cottonseed meal? Of course not. He would ship his cottonseed meal to Iowa, to New York, to Pennsylvania, to Michigan, to Missouri, to Illinois, to New England, and abroad, to be fed to dairy cattle, and, of course, it will follow that cottonseed meal will become cheaper.

It is most striking that in 1914 the value of cottonseed meal used as a fertilizer was more than \$39,000,000, and in 1914 the total importations of Chilean nitrate were a little more than 564,000 tons, and agriculture used about 60 per cent of this, which would be in excess of 338,000 tons, and the value of this tonnage was in excess of \$4,000,000.

It is not the South alone that appeals for action at the extra session on Muscle Shoals to secure cheaper fertilizers; the East appeals for action, and the Mississippi Valley, that boasts of being the "bread basket" of the world, has sold nitrogen to the world, until now the Mississippi Valley needs to put nitrogen back into her bread basket.

I find a statement published in the April American Fertilizer magazine estimating the tonnage of fertilizer for the present crop year and making comparisons between the different sections of the country, as follows:

Since these comparisons are made with the corresponding four months a year ago, when sales were the largest on record, it is obvious that the use of fertilizer in the Mississippi Valley and the Southwest is increasing.

If there are sound reasons, and I know of none, why the Military Committee should not be organized to consider and report the bill I have introduced to the House; then let us pass the bill as an amendment to our farm relief bill.

The greatest regret that I have about this matter at the present moment is that Martin Madden is not here now. He is gone from among us, but let me read to you some of his inspiring words; and I hope his patriotism, his statesmanship, and his love of his country will inspire you to act at this extra session on the bill which he originally introduced and which I have introduced at this session.

Do you know, gentlemen, the investment this country has made at Muscle Shoals? In round figures it is \$130,000,000. What is being done there to-day? This great cyanamide plant—and it is the only one in the world that is standing idle—has stood idle since completed. It produces what would be an equivalent of 250,000 tons of Chilean nitrate. The great Dam No. 2 has been completed for several years, and the power houses have been installed. What has happened? The Secretary of War makes a temporary lease of the power generated at that great dam to the Alabama Power Co. under an agreement whereby the company takes just as much of that current as it sees proper to use and at a price amounting to about 2 mills—not cents—per kilowatt-hour.

What happened last year under that agreement? From the great investment of the Government the United States only received in round figures \$456,000, whereas the actual available power at Muscle Shoals would have yielded the Government, even at the infinitesimal price of 2 mills per kilowatt-hour,

approximately \$4,000,000. I hope my friend from Tennessee [Mr. BYRNS], the ranking minority member of the Committee on Appropriations, will take some notice of that.

Then what happened? At the last session, when the Army appropriation bill was passed, it carried an item of \$270,000 for the upkeep of Muscle Shoals for the coming year. Deduct \$270,000 from \$456,000 and you will see what we are getting.

I must say it is a crime against the farmers of this country for the President and Congress to permit the power at Muscle Shoals to go to waste, when the farmers are paying as part of their bill for nitrogen manufactured at the air-nitrogen plant of the Cyanamid Co., at Niagara Falls, a power bill of nearly \$2,000,000 annually, and the plant at which this nitrogen is manufactured in Canada is the very same kind of plant as nitrate plant No. 2, at Muscle Shoals.

Mr. LANKFORD of Georgia. Mr. Chairman, will the gentleman yield there?

Mr. WRIGHT. Yes.

Mr. LANKFORD of Georgia. Do you know what the power company charges?

Mr. WRIGHT. I understand it is from 2 to 15 cents per kilowatt-hour.

Mr. BYRNS. How much of that power is going to waste?

Mr. WRIGHT. Fully 80 per cent. What we really get from it is \$456,000 minus \$270,000. Even at the low rate of 2 mills per kilowatt-hour, the available power at Muscle Shoals should yield at least \$4,000,000. Is it conceivable that the majority party in the light of these facts—and they are facts—and that the President of the United States will permit this Congress to adjourn without making some disposition of Muscle Shoals?

It is not conceivable that intelligent human beings will permit this waste, which has almost assumed the proportions of a national scandal, to go on even for another year. We have the time, let us dispose of it as this session. [Applause.]

Mr. OLIVER of Alabama. If it is disposed of in the manner in which the gentleman has so well suggested, it would represent a saving to the farmers of more than \$50,000,000 a year, would it not?

Mr. WRIGHT. Yes; and do more good than all the other relief legislation that has ever been talked about here during the past eight years. [Applause.]

Now, gentlemen, in closing, I want to read some remarks of the late Martin B. Madden.

The CHAIRMAN. The time of the gentleman from Georgia has expired.

Mr. FULMER. Mr. Chairman, I yield the gentleman two more minutes.

Mr. WRIGHT. Here are his words:

I want to see agriculture prosper. I want to see America and its people happy. I want in time of peace to furnish every facility for the prosperity and happiness of the fundamental industry of the land, agriculture, and in time of war I want to see these great facilities at Muscle Shoals to be so preserved and protected in the intervening years that we will be able at a moment's notice to take control of them and utilize them to the fullest extent of our capacity in the interest of safeguarding America and her institutions. I want, in short, for this House before we complete the work now before us to lay a foundation for a great national conservation of agricultural forces and hand this conservation policy down to the generations who are to people this continent in the ages to come.

[Applause.]

Mr. JONES of Texas. Mr. Chairman, I yield 30 minutes to the gentleman from Mississippi [Mr. RANKIN].

Mr. RANKIN. Mr. Chairman, President Hoover, by his statement published in this morning's papers, setting forth his position on this legislation, seems to have shut the door of hope in the face of the American farmer so far as any relief at this session of Congress is concerned. Especially has he blasted the hopes of those farmers producing the great staple agricultural crops of corn, wheat, and cotton, who are suffering most and have been suffering most for the last seven years.

You gentlemen representing the administration tell us that you have a "solemn mandate" from the American people to pass legislation at this extraordinary session of Congress which will give real farm relief, yet you propose to pass the denatured, colorless farm bill now before the House without amendments, thereby "keeping the word of promise to the ear and breaking it to the hope" of millions of American farmers who are suffering as a result of the depression in agriculture which your high protective-tariff system has produced.

Some months ago the then President of the United States was making a speech, and an old farmer down in Iowa was listening in over his radio. The President said something like this:

My fellow countrymen, I want to congratulate the American people on the uniform prosperity we have all enjoyed since this administration came into power.

The old farmer threw down his radio and turned to his wife and said:

Be gad, I wonder where that fellow has been for the last five or six years.

[Laughter.]

He did not know it was the President talking. He wondered where that man had been since 1922. He wondered where he was in 1922 and 1923 when farmers in the States of Iowa and Nebraska were burning corn in their stoves because it was cheaper than coal. He wondered where he was in 1923 and 1924 when banks were failing in some of the agricultural States as they had never failed before. He wondered where he was in 1925 and 1926 and 1927 and 1928, when farms were being foreclosed and sold under the hammer, the richest agricultural lands in the United States, with good homes built on them, because under present conditions, brought about as a result of a high protective tariff that forces him to sell everything he produces in an open market and purchase everything he buys in a protected market, it was impossible for him to make a living and to keep up the expenses incident to running his farm.

Since the present high tariff law was placed on the statute books in 1922 there have been more failures among the American farmers than in all the history of the country. There has been more depression, more suffering, more foreclosures, more insanity, and more suicides than have ever been known among the farmers of this country in all the history of this Republic.

By that law you have placed a high tariff, or tax, on everything the farmer has to buy from the swaddling clothes of infancy to the lining of the coffin in which old age is laid away; and even taxed the tombstones that mark the last resting places of America's vanishing farmers. But you left him to sell what he produces in the open market at world prices and in competition with pauper labor of the Old World. The logical result of this legislation has been seven years of distress in American agriculture that is without a parallel in all of our history.

You built the industrial tariff wall so high around the American farmer, raising the price so high on the things he had to buy, that it has been impossible for him to pay those prices and survive.

There are only two ways by which Congress can assist him in recovering from his present condition so as to enable him to share in the prosperity which industry now enjoys and about which the administration has so long boasted. One of them is to take off the top of that tariff wall and bring the prices of the things he is compelled to buy down, and the other is to raise the prices of his products by some such method as the debenture plan, and thereby lift him economically nearer to a level with the top of that tariff wall.

Mr. SCHAFER of Wisconsin. Will the gentleman yield?

Mr. RANKIN. Not now. I may after a while. I will get to the gentleman's State directly.

You gentlemen, you Haugenites, ye workers of farm relief in recent Congresses, have been going back to the West and saying, "We tried to pass the Sinclair-Norris bill, we tried to pass the McNary-Haugen bill, or some bill, to lift agriculture up to the level of industry, but those southern Democrats would not help us, and we never could get it passed."

Finally, after the Bledsoe amendment was inserted, which we thought would protect us from the disasters that a great many of us from the cotton States feared, we passed the Haugen bill, and I helped you do it, in the hope that it would be signed and we would lift the producer of the great agricultural staple commodities out of the slough of despond into which he had sunk and put him on a level with industry. Your President vetoed it. And now you reject the only plan left that will give the farmer real relief. Yet the depression continues, and the farmer's condition gradually grows worse.

I traveled through the States of Kentucky and Ohio for three weeks last year, the richest agricultural country in the world. I saw only two houses being built on farms in all those three weeks, and one of them was a filling station.

In the State of Ohio I heard a farmer describe the conditions that prevailed there in that beautiful country, thickly populated, and threaded with the very best highways. He said, "Our farms are going to ruin. I came down through what used to be a prosperous old community, the one in which I was reared, and there in one row were three of what had been the best farm houses in this State. They are all vacant now. The fields are uncultivated." He said, "I stopped in front of the one with

which I was most familiar and walked through what had once been the gate.

"The barn was falling down, the roof of the house was going to decay, the fields were uncultivated, the garden and the yard had grown up with weeds and brambles. I peeked through a paneless window into the room which was once filled with the best furniture and saw the rats and the mice chasing each other across the vacant floor. From the top of the shade tree in which the birds once sang, and beneath which the children played, one lonely crow looked out over the desolate situation and solemnly croaked his mournful message to his mate."

When he painted that picture he described conditions in the other corn-growing States, in the wheat-growing States, and in the cotton-growing States; the result of the depression brought about by compelling the farmer to sell what he produces in the open market and purchase everything he buys in a protected market.

That is the picture of the conditions on the farm in this so-called "prosperous" country of ours "where wealth accumulates and men decay."

Oh, but they say this bill is at least sound. I admit that it is sound; the farmer asks for bread and you give him this sound stone [laughter], to stabilize him in his present unfortunate condition, instead of trying to do something to put agriculture on a par with industry.

What would this bill, without the debenture plan, do for the farmers, especially the wheat, corn, and cotton growers? The only benefit they could derive would be through the cooperative marketing associations. They might be able, under certain circumstances, to protect their members temporarily against depressions artificially produced by speculators, or manipulators of the exchanges, or by statements given out by some one in the Department of Agriculture causing a slump in the market. But the same thing can be done now through the intermediate credit bank.

So far as raising the farmer up to a level of the top of the tariff wall, or even a part of the way up, no well-informed man will seriously contend that this bill will do anything of the kind.

Unless the debenture plan is engrafted into this bill, it will not in the slightest way tend to wipe out the disparity now existing between agriculture and industry.

The object of the debenture plan is to equalize the benefits of the tariff to those branches of agriculture having an exportable surplus, such as corn, wheat, and cotton, by having the Government issue to the exporters of such commodities certificates or debentures which could be used in paying custom duties on articles shipped into this country on which a tariff is imposed. We only ask for half the tariff benefits on those commodities on which there is a tariff.

For instance there is a tariff of 42 cents a bushel on wheat, and this plan would give the exporter of wheat a debenture of 21 cents a bushel. There being no tariff on cotton, it was decided to give exporters of cotton a debenture of 2 cents a pound or \$10 a bale. These certificates would be as good as gold at the customhouses. This would not only raise the price of the commodity to which it was applied which was shipped out of the country, but it would reflect back and raise the price level of that commodity all over the country and give the growers the benefit of the advance in price. And that is what this administration does not want. It does not want to raise the price level of farm products any nearer the level of industrial commodities if it can be avoided. If it did, it would either support this debenture plan to raise the price level of farm products or else help to reduce the tariff on industrial commodities.

The President says this would be a subsidy to the farmers, which of course he opposes, but he does not seem to be disturbed over subsidizing industry through the tariff out of the pockets of the American people, including the farmers. In his statement in the morning paper Mr. Hoover says:

The issue of debentures to export merchants and their redemption in payment of import duties amounts to a direct subsidy from the United States Treasury. If the plan proposed be generally applied it would cost in excess of \$200,000,000 a year as it would decrease the Treasury receipts by such an amount.

By the debenture plan we are attempting to offset the iniquities of the tariff by giving the farmers the benefit of it. Is that a subsidy? If so, are you not subsidizing industry under the tariff to-day? The present tariff costs the American people approximately \$4,000,000,000 a year. Only \$600,000,000 of it goes into the Federal Treasury. Approximately \$3,400,000,000 goes into the pockets of the beneficiaries of the tariff. Is not that a subsidy? When you take \$3,400,000,000 from the American people—\$40 per capita—when you take it from the great mass of the American people, including the farmers, and pour it

into the pockets of the manufacturers, is not that as much a subsidy as it would be to give the farmers a debenture in order to raise the price of a commodity so that they might live?

Now, you have a tariff on wheat and a tariff on corn, but what is it worth? The greatest depression has been in the corn-growing States. One of the best farmers in the State of Ohio pointed out to me a farm of 160 acres. It was valued at \$16,000 in 1923, and a loan of \$8,000 was made on it, on a basis of 50 per cent of the valuation. In 1928 it was sold under the hammer for \$6,400, because the owner could not make a living, pay his taxes, and pay the interest on the loan, selling his products in an open market at world prices, and purchasing the things he had to buy in a protected market.

You have a tariff of 42 cents a bushel on wheat. Yet wheat is higher in Winnipeg, Canada, than it is in Chicago. Some one put figures in the Record the other day to show that wheat had been higher since 1923 in Minneapolis than in Winnipeg. I went back to the record and I found that during the eight years previous to that, under the Democratic administration when you did not have this tariff on wheat the parity was 10 cents a bushel greater in favor of the Minneapolis market than it has been under the Republican administration with a tariff on wheat of 42 cents a bushel.

Mr. WILLIAMS of Illinois. Mr. Chairman, will the gentleman yield?

Mr. RANKIN. For a question.

Mr. WILLIAMS of Illinois. Does the gentleman know what the price of wheat was in this country the day that war broke out in Europe in 1914, in the Wilson régime?

Mr. RANKIN. No; but I know what it is now.

Here is what you are doing: You are stripping the farms of this country of their population. Those old homes in every State in the Union, especially in the South and West, from which have come the great men and great women of the country, are fast disappearing. That great class from which has come the great men who have fought the Nation's battles in time of war and sustained the country in time of peace, who have built this great civilization, is now being destroyed because of the inequalities that exist between agriculture and industry as a result of this artificial condition produced by our present tariff laws.

One criticism of the Haugen bill was that it was uncertain. Another was that it put a direct tax on the farmer, and another was that it had never been tried. All of those objections are eliminated in this debenture plan. It is not only certain, but it is also sound. It simply gives to the farmer one-half of the tariff rate on corn and wheat and other commodities and 2 cents a pound on cotton.

It is not an untried scheme. It has been tried by Germany, by Sweden, and by England, and it has always been found effective. It has always brought that relief which you are now pretending to give to the farmer through this innocuous bill, which without this debenture plan would leave him in his present condition even if it works absolutely to perfection.

The President says that it would stimulate overproduction if we adopted the debenture plan, thereby admitting that it would help the farmers. I wonder if the high protective tariff on manufactured articles has stimulated overproduction in industry? We have in my State of Mississippi one of the greatest undeveloped bauxite fields in the world, the material from which aluminum is made. I wonder if the 77 per cent tariff on Mr. Mellon's aluminum has caused overproduction. If so, why don't you repeal that tariff?

The truth of the business is that the lower cotton, corn, or wheat goes the more the farmer has to plant in order to live and pay his taxes and his debts. The President says that if you give the farmers the benefit of this debenture plan, it will stimulate overproduction. The truth is you have a tariff now of 15 cents a bushel on corn. This debenture plan proposes to give the farmer the benefit of only one-half of that tariff.

If to raise the price of corn seven and a half cents a bushel through the debenture plan would stimulate overproduction, then if you raised the price of corn through the tariff 15 cents a bushel, would not that also cause overproduction? The truth is that the tariff on corn is not worth the paper it is written on now. It is merely to "bunk" the farmers, and the administration does not want to make it effective.

Mr. WILLIAM E. HULL. Mr. Chairman, will the gentleman yield?

Mr. RANKIN. Yes.

Mr. WILLIAM E. HULL. Would the gentleman be opposed to a tariff to protect the manufacturer that would use 40,000,000 bushels of corn a year?

Mr. RANKIN. How?

Mr. WILLIAM E. HULL. Or 30,000,000 bushels of corn a year. Would the gentleman be opposed to that kind of a tariff?

Mr. RANKIN. I am opposed to the tariff on manufactured articles so long as it pours money into the pocket of the manufacturer and takes it out of the pockets of the farmers and the consumers.

Mr. WILLIAM E. HULL. Will the gentleman yield again?

Mr. RANKIN. No; I can not yield further.

You have a tariff of 42 cents a bushel on wheat. Wheat is higher in the Winnipeg market than in Chicago. Why? Because you ship a surplus out of this country, and if you force the Canadian wheat growers to ship their wheat down on the other side of the line, then just as soon as it reaches the market it comes into competition with your surplus crop, and you must come down to a level with it. The parity was 10 cents a bushel higher in favor of the American wheat on the Minneapolis market before the tariff bill was passed than it is to-day. Yet you say that you put 42 cents a bushel on wheat in order to raise the price. You will get read out of the party if you do not watch out. The President says that if you raise the price of wheat 21 cents a bushel by the debenture plan you will stimulate overproduction. What do you mean by trying to raise the price of wheat 42 cents a bushel? The truth of the matter is that the tariff upon wheat is of little or no value to the wheat farmers because it is ineffective. The wheat growers are gradually losing and going down in the economic scale just as the corn farmers and the cotton farmers are doing.

But the President says in paragraph 9 of his statement:

9. A further serious question arises again (if the plan did have the effect intended) where the foreign producer of animals would be enabled to purchase feed for less than the American farmer producing the same animals. For instance, the swine growers in Ontario would be able to purchase American corn for less than the American farmers across the border and it would tend to transfer the production of pork products for exports to Europe from the United States to Canada. It would have the same and probably even more disastrous effect in dairy products.

I hope that every corn grower in the country reads that statement. It sounds like the Secretary of the Treasury to me. If you raise the price of corn $7\frac{1}{2}$ cents a bushel in this country by the debenture plan, you will "stimulate" hog raising in Canada in competition with the hog growers of the United States, according to the statement of the President which I have just read.

If that would be the result of making one-half the tariff on corn effective, what would happen if the entire tariff on corn were effective?

There is not a line or a word in the bill to indicate that it would raise the price of wheat, corn, or cotton above that of the world level, with the debenture plan left out. It would merely stabilize the farmer in the depressed condition in which he has suffered for the last seven years.

What do you do with the cotton grower? He, too, is left just as he is. You stabilize him in his present miseries, but you add to his present troubles another board in Washington that is likely to come out sometimes in announcements adversely affecting the price of cotton, wreck the cotton market, and ruin the cotton farmer. Your Bureau of Economics in the Department of Agriculture came out in such a statement a couple of years ago to the effect that the price of cotton was going to decline. It created a panic on the exchange. Cotton dropped in price from 23 or 24 cents a pound to 17 cents a pound. Before that break in the market stopped it had cost the cotton farmers many millions of dollars. That is one of the lurking dangers in this bill.

I understand your Committee on Ways and Means is preparing now to raise the tariff on certain commodities produced in the North and West in order to get your help in raising the tariff on manufactured articles. That indicates what the farmer is going to get from the tariff bill. Your farmers will get just about as much benefit out of that tariff as Lazarus did out of the banquet of Dives. [Laughter.]

But they tell you they are going to raise the price of dairy products. I hope they do, but I do not expect it. That is done to get you men from the dairying States of the North to desert the growers of wheat, corn, and cotton. You no doubt think that you will make the dairymen more prosperous in your States and continue to starve the cotton, corn, and wheat farmers. The fact is, you are driving the dairy industry into the South. You are killing your goose that lays your golden eggs. Under the present conditions the cotton grower is unable to make an adequate living and feed and clothe and educate his children. Therefore he is going in for dairying, and your people can not compete with him.

An eminent physician is quoted as having said sometime ago that the dairy cattle in some of those Northwestern States will disappear in consequence of tuberculosis. The section which I

have the honor in part to represent has less tuberculosis among its dairy cattle than any other section of the United States. We have a grazing season two or three times as long as yours. We produce forage crops that you can not grow.

Perhaps you did not know that last year we produced 460,000,000 bushels of cottonseed. Perhaps you do not know that the food value of a bushel of cottonseed is greater than the food value of a bushel of wheat. We produced last year 7,000,000 tons of cottonseed. On the exchange in Memphis cottonseed is quoted as \$6 a ton higher than the cottonseed meal, one of the finest dairy feeds in the world. My section of Mississippi has made great strides in developing its dairy industry. Condensaries, cheese plants, and other dairy-products companies are crowding into that country and are succeeding to a degree they did not expect. They say we have the finest dairy country on earth. You can not compete with us. You are not going to be permitted to depress the cotton farmer and at the same time enhance the prosperity of the dairy farmer in the Northern States. We are going to take the dairying industry away from you.

Mr. SCHAFER of Wisconsin. Mr. Chairman, will the gentleman yield for a brief question?

Mr. RANKIN. Yes.

Mr. SCHAFER of Wisconsin. I take it, from the gentleman's remarks, that he is opposed to a protective tariff on farm products?

Mr. RANKIN. Does the gentleman think they are protected?

Mr. SCHAFER of Wisconsin. I notice these cottonseed men in the South are flooding me with propaganda, asking for an additional tariff on peanuts and oils that compete with cottonseed oil and things of that sort. I am being bombarded with literature of that kind from the South.

Mr. RANKIN. I am glad the gentleman has raised that question, because it makes me think of one thing I want to discuss. Of all the unmitigated selfishness I ever saw manifested in my life, it was the selfishness on the part of the high-tariff barons in the Republican Party in 1922, when you passed the present high protection tariff bill. [Applause.]

The gentleman from Wisconsin was not in the House then, but he had a counterpart here by the name of Tincher. He was not quite as tall as the gentleman from Wisconsin, nor quite as loud, but was equally as conspicuous in his advocacy of the farmer. [Laughter.] And he did everything he could to get a tariff on hides in order to protect the farmer back at home—just to give him a slight crumb that fell from the table. He did not get a vote out of the Northeast. Those men who wanted a tariff on everything that was manufactured in that section of the country turned and voted against him.

The other day, down in my country, an old farmer took a cowhide to town and sold it and went around to the store and bought a hame string, and paid more for the hame string than he got for the hide. [Laughter.]

Let me say to the gentleman from Wisconsin that that is a fair sample of how the farmer has come out under the tariff.

Mr. SCHAFER of Wisconsin. Hides are not properly protected under the existing law.

Mr. RANKIN. I knew the gentleman would say that. Of course not. The administration did not want the farmers protected then any more than it does now. The argument of the opposition was that the hides were all sold by the packer. They did not know the cow wore the hide to the stockyards, but seemed to think that the packers grew all the hides themselves.

Gentlemen, you are going to pass this bill. As I have said, the only benefit the farmer can get out of it is to protect himself through the cooperative market associations from temporary deflations artificially brought about that would depress his prices below the world market, but would still leave him buying in a closed market, paying exorbitant prices for everything he purchases, and at the same time selling in an open market without any drawbacks, without any part of this protection, without this debenture plan that would raise the price of corn, wheat, and cotton, if it worked here as it has in England, Germany, and Sweden.

But you are going to Hooverize him; I see that. This will go down as the Hoover bill. You talk about your mandate. Twenty years ago Mr. William Howard Taft became President by the greatest majority a President had ever received up to that time, and he called the Congress together under circumstances somewhat like these and almost for the same reason, and they did just about what you are doing, and Mr. Taft went out by unanimous consent at the end of his first term. [Laughter.]

Mr. WILLIAM E. HULL. Was that on account of the tariff?

Mr. RANKIN. Oh, yes; he called the Congress together for that purpose.

Mr. WILLIAM E. HULL. I thought Roosevelt put him out. Mr. RANKIN. I can not help what the gentleman thought. I am telling you what happened. He called Congress together to revise the tariff and led the farmer to believe that he was going to revise it downward, but revised it upward, and revised himself downward [laughter], and never came back. The nearest he came to it was to carry two States.

Mr. WILLIAM E. HULL. Will the gentleman yield for a question?

Mr. RANKIN. Not now.

Mr. WILLIAM E. HULL. I just wanted an explanation. The gentleman said a while ago that we would save $7\frac{1}{2}$ per cent on corn by the debenture plan. Will the gentleman explain that?

Mr. RANKIN. I did not say that.

Mr. WILLIAM E. HULL. Seven cents.

Mr. RANKIN. I said that if it worked here as it did in England it would amount to $7\frac{1}{2}$ cents a bushel, because your tariff, I understand, is 15 cents a bushel on corn.

As I have said, you are going to Hooverize the farmer. I will tell you how the farmer may pull through. If you will just go back and put on the old war-time regulations and subject him to wheatless days and meatless meals and lightless nights and impose upon him heatless days and sheetless beds and "feetless" socks, reduce the amount of sugar he puts in his coffee, and change the time of day so as to give him an extra hour each day in which to work, he may be able to pay his taxes, hold soul and body together, and stave off a foreclosure until the next election. Then if the administration is unable to torpedo its way back into office from behind a smoke screen of liquor and religion or to delude the farmer with prosperity "bunk," you may at least be able to revive his drooping spirits with some more glittering promises of farm relief. [Laughter and applause.]

Mr. FULMER. Mr. Chairman, I yield 30 minutes to the gentleman from Georgia [Mr. LANKFORD].

Mr. LANKFORD of Georgia. Mr. Chairman and gentlemen of the committee, I do not know whether I shall vote for the present bill or not. I was extremely anxious that a bill should be brought out and placed on its passage which would render real farm relief to the farmers of the Nation. I do not believe this bill will do that, and yet probably it is the only bill that has a chance at this session.

I feel confident that whenever I go back to Georgia next summer and my farmers begin to sell their tobacco, they will be getting about the same old price for their tobacco which they received last year, and I have the idea that when the time comes for cotton to be sold next fall and my farmers come into town with 1 bale or 10 bales or more, they will receive about the same price for their cotton that they have been receiving heretofore. If prices should advance temporarily, they would not be permanent, and the farmers are asking for and are entitled to permanent fair prices.

I very much fear this bill will be a great disappointment to the farmers. I say that because this bill is not drawn so as to give the farmer what he really expects out of this legislation. The committee report boldly says that this bill will not bring about automatic price elevation of farm products. The farmers of the country are expecting some kind of a farm relief which will bring to the farmer a better price for their commodities. They are hoping that some scheme will be put into force and effect which will give the farmers a better net result at the end of the year. This bill will not do it.

I notice in the beginning of the report in the declaration of policy that these words are used:

To promote the effective merchandising of agricultural commodities in interstate and foreign commerce, so that the industry of agriculture will be placed on a basis of economic equality with other industries.

In every speech we have had here they have spoken of placing agriculture on an equality with other industries. This bill will not do that. This bill will not put agriculture on an equality with other industries. I will tell you why. Because the men that drew this bill had in mind only the stabilization of prices of agricultural commodities. There is no purpose in the bill anywhere to elevate the prices of farm commodities. Unless you elevate the price of farm commodities stabilization will not help the farmer. In other words if you stabilize the farmer's price below the cost of production no real good will come to the farmer under that scheme.

Mr. LARSEN. Will the gentleman yield?

Mr. LANKFORD of Georgia. I yield.

Mr. LARSEN. Does not the gentleman remember that in 1920 the Federal Reserve Board stabilized the farmer's price and what happened to him?

Mr. LANKFORD of Georgia. I remember that, and I know that under this bill the farmer's price will not be elevated. The farmer will not get better prices for his commodities.

Now, I notice in the report on the bill this statement:

As we have shown it is impossible for agriculture to control its production and it is against public interest that it should attempt to control it to the extent that the industry can so control.

To my mind there can be no real farm relief until you pass a bill which will elevate the prices of farm products and there can be no effective elevation of the price of farm products without encouraging the farmer to plant greater crops.

You can not help him solve the problem until in some way you help to effectively control production. This bill provides that help shall be withheld if it has a tendency to increase production. That will not help the farmer. If you secure better prices for farm products you encourage the farmer to plant more, and unless you put into the bill an effective control of production your plan of farm relief is bound to fail.

The committee report says that the farm production can not be controlled, and says it is not in the public interest that production should be controlled.

I take issue with that statement. I say production can be controlled. I say furthermore that until you can control the production effectively you can not work out a farm bill which will render real relief to the farmer. The two go hand in hand.

The report says that it is not for the best interest of the country that the production of farm products should be controlled.

I can not see why the production of wheat by the farmer should not be controlled as effectively as the production of flour is controlled by the miller. I can see no reason why the production of cotton should not be as effectively controlled as the production of cloth is controlled by the manufacturers of cloth.

I repeat that you can not work out a farm relief bill which will solve the farmers' problems unless you elevate prices. This bill not only does not elevate prices, but tends to restrict prices by the stabilization corporations. The report of the House committee admits that the bill provides no method for automatic elevation of the prices of farm products. This, when coupled with the declaration in the report that the committee holds that it is against the public interest for the farmers to attempt to control their production, establishes beyond the peradventure of a doubt the policy of the sponsors of this bill to oppose any and all legislation which has for its purpose the control of production and with that control the control by the farmers of the prices which they charge for the products of their own toil.

Such a policy is in direct opposition to real farm relief. Farm relief must mean price elevation which can only come in a permanent way from such a permanent control of production and marketing as will enable the farmers, like those engaged in other industries, to name within reasonable limits the selling prices of their own commodities.

Then, again, the House report says that the bill (H. R. 1) which we are now considering "forbids the board to make a loan or an advance or enter into an insurance agreement if it believes that the effect of such action will be substantially to increase the production of a crop of which we already commonly produce a surplus in excess of our annual requirements."

Under the provisions of this bill, this means that the board shall do nothing that will encourage the farmers to plant a larger crop. This is a strange kind of farm relief which the committee says will not elevate prices and which the committee says is not to even encourage the farmer to greater efforts as a farmer. This is farm relief which its fondest sponsors say will not help the farmer, except that the farmers are to be told that a great board is to be created, with the greatest powers ever granted to a set of appointed men, and that this board is to attempt to do what Congress has failed to do, to wit, solve the farm problem.

Congress by this bill will not at all solve the farm problem. The sponsors of this bill having failed to solve the farm problem are determined to create a powerful bureaucratic juggernaut with one hand in the United States Treasury and the other hand in the pockets of the farmer, and delegate to that all-powerful board the duties of speculating on the farmer's products, buying the farmer's products at a sacrifice when there is a large crop, and using its power and accumulated products to crush farm prices when there is a small crop and the farmers have a fair price. The pending House bill sets up a board with practically unlimited powers, except that definite directions are given that profits must not be made out of the farmer's products; that prices must not be elevated; and that prices must

be hammered down when the prices of the farmer's products are starting to advance to a living price for the producers of the Nation. And this is farm relief.

We are reminded of the lines—

Mother may I go out to swim?
Yes, my charming daughter;
Hang your clothes on a hickory limb,
But don't go near the water.

And may I add, for the sponsors of the bill, the following:

Congress, may I have farm relief?
Yes, my charming farmer;
Hang your faith to a big farm board,
And prepare yourself for slaughter.

I know the latter has very little poetry. I very much fear, though, that it has much truth.

I am bitterly opposed to further extension of bureaucratic control of the affairs of the people of the country. All the while Congress is taking rights and privileges away from the people and the States and then refusing to exercise those powers, but creating more bureaus and boards and giving to them powers Congress is either afraid to exercise or does not know how to.

Congress ought not to create a board unless Congress knows what duties are to be performed by that board, and then Congress ought to name specifically these duties.

Let me read to you from the House report concerning the duties of the stabilization corporation which this board is to help bring into existence. I read as follows:

The only limitations upon the utilization of funds by the stabilization corporation are that it shall be operated in the hope of profit.

All the way through this bill we find the words "effective merchandising." This all-powerful board is to promote "effective merchandising" in the farmer's products. I do not see, for the life of me, how the merchandising in the farmer's products can become any more effective from the speculator's standpoint than it has been for all these many years. On every hand the speculators and manipulators are engaged in "effective merchandising" in farm products. This merchandising is so effective until I shudder with horror when mention is made of further "effective merchandising" in the products of the farm.

And one of the main duties of these stabilization corporations is to make a profit. A profit out of what? Out of the farmer's products. Furthermore, the bill provides that these stabilization corporations when they buy up a large amount of the farmer's products as, for instance, cotton, if the cotton is carried over to the next year and a large amount accumulated, and the next year cotton goes too high in the opinion of the board, must put that accumulated cotton back on the market, and the price will be thus depressed again. I can visualize just what a farmer in my district would think about this kind of legislation. He brings his bale of cotton in after the bill begins to function. He sells the cotton when the cotton is being bought at the depressed price. His cotton is gone. The price may go up in the future, but his cotton has been sold. That cotton is held until the next year. The next year we will say that there is another large crop and there must be more of his cotton bought at this same depressed price and the amount of cotton that has been accumulated still increased. But suppose then there is a short crop and the price of cotton does begin to go up because of the fact there is a shortage. Then this large amount of cotton that has been accumulated from time to time and carried over by the stabilization fund would have to be put back on the market, and the only chance that the farmer will have had to get a good price for his cotton in the last three years will be destroyed, because the stabilization corporations will be shoving that cotton back on the market.

Mr. Chairman, I shall not discuss the bill further at this time. I want now to briefly bring to the attention of the committee a plan of farm relief of my own. I know that a great many may differ with me about this plan. It will not be adopted at this session of Congress, but in the remaining time at my disposal may I tell you just how I believe that the farm problem can be solved. In order that you may understand just what I have in mind, let me detail to you a bill which I have drawn and introduced. This bill provides for the creation of a farmers' finance corporation much along the line of the old war finance corporation act. In fact, I used the first seven or eight provisions of the old war finance corporation act as the first seven or eight provisions of the bill which I have introduced. I provide that this farmers' finance corporation shall make loans to the farmers of the country through the banks of the country. Let us take cotton as an illustration. I provide that loans shall be made on cotton at the average price for which that cotton has been sold for the last 10 years. In

other words, on cotton for instance, you will loan about 22 cents a pound. I provide in the bill that cotton shall be the sole and only collateral for the debt, that the debt shall not become due until the cotton is sold, and that whenever the cotton is sold the money received from the cotton shall be in full payment of the debt. That scheme of mine would stabilize the price of cotton at about 22 cents a pound. Some one has suggested to us that the Government can not afford to make loans on cotton on the basis of 22 cents a pound, if cotton at the same time is selling for 10 cents to 12 cents a pound. That is true, and my scheme would be unworkable unless it contained something further for the protection of the governmental agency, and that is provided for in the bill.

So I provide in the bill that these loans shall not be made on any commodity until the farmers planting 75 per cent of the acreage of that particular commodity shall have signed contracts with each other, contracts with the bank in which they are to do business, and contracts with the farmers' finance corporation, obligating them to do two things: First, that they will permit the commodity advisory council as set up under the terms of the bill to determine their acreage from year to year. In this way I seek to control the acreage of the farmer as to the particular commodity, not as a matter of law, but I seek to control his acreage as a matter of contract voluntarily entered into by the farmer himself before he receives the benefit under the provisions of the bill. It has been said on this floor, I know, that you can not make a law which will force the farmer to allow his production to be controlled, but you can pass a law which will be constitutional under the contract provision of the Constitution which will enable the farmers of the country to sign contracts agreeing that their acreage shall be controlled, and in this way you will obtain effective control of acreage. I provide for another thing in the bill. I provide in the bill that before operation begins, before the Government begins through its agency to make loans, that these farmers shall agree, regardless of whether or not they borrow any money under the terms of the bill, to make the commodity council their attorneys in fact, and give that commodity council the right to place their commodity on the market, and the right to sell it.

It has been said that the farmer needs bargaining power. How much more bargaining power would you want than is provided for in my bill, if you set up a plan and give to that commodity council the right to sell 75 per cent of the cotton produced in the United States? Let us visualize a case. A manufacturer would come to this commodity council and say, "We want some cotton." They would ask him how many million bales or thousand bales he wanted, and the manufacturer or the exporter would say that he wants to pay about 17 cents a pound for the cotton. The commodity council would say that they had loaned 22 cents a pound upon the cotton and they can not sell it unless they get back the amount of the loan plus the storage and the insurance. But the manufacturer might say that they produced 3,000,000 bales too much that particular year. The commodity council would agree to that, but still would say that they are not going to sell any cotton except such cotton as they would buy at 27 cents a pound. They would admit that they produced too much but they would say we only have for sale what you want at a fair price and are not going to sell it for less. They would say, "We produced 3,000,000 bales too much, but we are going to curtail our acreage next year and carry this over so that it will come in as a part of next year's crop." If you work out a scheme like that and give to the farmer the right and the power to control production, then he will get a fair price for his commodity.

Mr. WILLIAM E. HULL. Mr. Chairman, will the gentleman yield?

Mr. LANKFORD of Georgia. Yes.

Mr. WILLIAM E. HULL. I was going to ask you what you would do with the other crops in Georgia, crops like watermelons, and so forth?

Mr. LANKFORD of Georgia. For the present my bill deals just with basic products like wheat, cotton, and tobacco.

Mr. WILLIAM E. HULL. All those Southern States have got to have something in this bill and in the tariff in order to take care of tomatoes and peppers and beets and things of that character. What would you do with those commodities under your plan?

Mr. LANKFORD of Georgia. This plan that I am discussing at present seeks only to deal with basic agricultural commodities. But I will say that I will vote for a tariff on farm products if you will vote for lowering other schedules with a view to benefiting the farmer.

Mr. WILLIAM E. HULL. Would you vote for a duty on perishable farm products?

Mr. LANKFORD of Georgia. I would, absolutely, if such tariff would help the farmer.

Mr. SCHAFER of Wisconsin. One of the reasons for the farmer's present condition is due to his not being able to dispose of his surplus products, is it not?

Mr. LANKFORD of Georgia. I seek to control the alleged surplus by voluntary contracts. Another feature of my bill which I think is worth while is that the operation under this bill shall not begin until the producers have signed up contracts to the extent of 75 per cent of their acreage, agreeing to leave the production and marketing of that commodity to be controlled by the particular commodity council.

In that way the bill will be in fact the most effective referendum ever written into a law. You may make this bill apply to wheat, corn, tobacco, cotton, and other basic commodities. Suppose 75 per cent of the wheat growers did not sign the contract. Then the bill does not become effective, so far as wheat is concerned. Suppose, again, that only the cotton growers want it, and that 75 per cent of the cotton growers sign the contract. In that case it goes into effect, so far as the cotton planter is concerned. Suppose after the expiration of two or three years the cotton planters say, "We will not go on and operate further." Then the bill goes out of effect, so far as they are concerned. It enables the farmers to control their own production.

Mr. PATTERSON. Mr. Chairman, will the gentleman yield?

Mr. LANKFORD of Georgia. Yes.

Mr. PATTERSON. Do you propose that contracts are to be made for only one year?

Mr. LANKFORD of Georgia. I think they should be made about every two years.

Mr. PATTERSON. How long would it operate? Suppose they did not like it. Knowing farmers as you know them, do you think it would be possible to get 75 per cent of the producers of basic commodities to sign?

Mr. LANKFORD of Georgia. I think so. I am acquainted with the farmers in my district and I have yet to find the first farmer who would not sign a contract like that. I believe the benefits under the bill are so great the farmers will gladly sign the contract. I realize it may be difficult to get them to sign. But the present bill will fail unless you get the farmers to join the associations. In the pending bill you only stabilize the price and the farmers have no hope of permanent price elevation. Under my scheme you would raise that price before you stabilized it. The farmers will sign the contracts specified in my bill for price elevation much quicker than they will join organizations for the doubtful benefits of the pending bill.

I provide in the bill to send representatives of the board into the various counties of the different States, as was done in the Liberty loan drives, to make speeches and say to the farmers: "Here is a plain proposition. Congress wants you to get a better price for your commodities, but the trouble is that Congress can not control production. Therefore, we have passed a bill that will enable you to help yourselves if you sign these contracts and agree to help control production and marketing."

Mr. SCHAFER of Wisconsin. Mr. Chairman, will the gentleman yield there?

Mr. LANKFORD of Georgia. Yes.

Mr. SCHAFER of Wisconsin. How many thousands of employees will you have to have in the country to persuade the farmers to attach their signatures to these contracts?

Mr. LANKFORD of Georgia. I would suggest that that be done by the county agents and the postmasters and at the banks, so that the terms of the bill could be explained to the farmers, and they could come in if they wished. In other words, this is a proposition to provide a system to persuade the farmer to make the contract as to the disposition of his surplus.

Mr. HOPE. Mr. Chairman, will the gentleman yield there?

Mr. LANKFORD of Georgia. Yes.

Mr. HOPE. The gentleman says he would control production by having the farmers themselves agree that in subsequent years they would not plant in excess of the acreage allotted by the board. How would the gentleman handle a question where the farmers who have not hitherto been growing cotton would decide to plant cotton?

Mr. LANKFORD of Georgia. It provides for the coming year and the next year also.

Mr. HOPE. How about the man who goes in to grow cotton anew?

Mr. LANKFORD of Georgia. Of course, you would not know until the next year. If other men came in, it might be necessary to get additional signatures before the bill would operate there. The bill provides that a certain per cent of the men

must sign the contract and agree to abide by the control. Unless you make such a provision you can not have an effective law. Unless you have such a provision you can not pass a bill that will be lasting. It is now proposed to create a board, giving it unlimited power. Yet we hear speeches made by Members opposing the creation of bureaus and commissions. Congress has practically admitted that it can not solve the farm problem and does not know what to do with it. Congress has determined, it seems, to pass a bill creating a large board with unlimited powers and with a large amount of money to be used by it, in the hope that that board will solve the farm problem.

I do not believe it can be solved in this way. I believe it can only be solved by some kind of system to control the production. Just as sure as you buy up the production and carry that production over from year to year, so sure will that overproduction some year be shoved back on the market and break the price.

I do not like to vote to create a large board, when one of the chief functions of that board is to create a stabilization corporation, the purpose of which is to make a profit off of the farmers' products. The bill provides that it shall be the duty of the stabilization corporation, so far as possible, to make a profit out of the farmers' products. How will that stabilization corporation make a profit out of the farmers' products except by buying the farmers' products as low as possible and selling them as high as possible?

Already the products of the farmers are being bought low and sold high. How are you helping the farmer in this way? I can not see where any real benefit will come to the farmer under that kind of scheme.

Mr. ALLGOOD. Will the gentleman yield?

Mr. LANKFORD of Georgia. I will be pleased to yield.

Mr. ALLGOOD. Has the gentleman looked into the question of the constitutionality, to see whether or not the production can be controlled in that way?

Mr. LANKFORD of Georgia. I understand there have been some contracts very similar to this already construed by our Supreme Court, and there is no doubt about the fact that a man has a right to make a contract that he will plant a certain number of acres of corn or will not do it. The contracts would be held constitutional. There is no doubt about that in my mind, and to my mind it is the only way to control production; and I feel that unless you can effectually control production in some way you can not control the price, and until you can put the farmer where he can bargain with his commodity and control his price, he will not be put on a parity with other industries.

The gentleman from Vermont [Mr. BRIGHAM] the other day read from a speech made by Charles M. Schwab, president of the American Iron & Steel Institute, wherein he said:

The law of supply and demand is inexorable, and if the producers of steel in this country do not voluntarily refrain from expanding capacity beyond the needs of the country they can expect only one consequence. The law of supply and demand will promptly operate, reducing profits to the extent necessary effectively to discourage new construction, and that condition will continue until demand has increased sufficiently to take up the excess capacity.

The pending bill has a wonderful declaration of policy, but the great trouble is that the bill does not measure up to the policy. It has been said here so often that this bill will put the farmers on a parity with other industries. It is so easy to say this, and yet everyone who knows anything about this bill knows that it does not put the farmers on a parity with other industries and that the expressed provisions of the bill provide for the contrary.

The farmers can not be on a parity with other industries until they can within reason name the prices of the products which they offer for sale. I have studied for 10 years every plan that has been submitted, have so far as possible listened to every speech made here on farm relief, and studied the matter in every way possible, and I see absolutely no way to put the farmers in the much-wished-for equality while some one else names both the price at which the farmer buys and the price at which he sells.

I have the utmost faith in my plan and, God being my helper, will fight for its principles as long as I live and stay in Congress and the great farm problem remains unsolved. [Applause.]

The CHAIRMAN. The time of the gentleman from Georgia has expired.

Mr. THOMPSON. Mr. Chairman, I ask unanimous consent to extend my remarks in the Record and to include therein, along with the statement of the President with respect to this debenture plan, the statements of Secretary Hyde and Secretary Mellon, and also an analysis of the debenture plan made

by Prof. John D. Black, professor of agricultural economics of Harvard University.

The CHAIRMAN. The gentleman from Ohio asks unanimous consent to extend his remarks made this afternoon by incorporating therein the statement to which he has referred. Is there objection?

There was no objection.

Mr. HAUGEN. Mr. Chairman, I yield 15 minutes to the gentleman from North Dakota [Mr. HALL].

Mr. HALL of North Dakota. Mr. Chairman, gentlewomen and gentlemen of the House, I do not feel that I ought to take any great length of time in discussing the bill now under consideration, for the reason that the speakers who have preceded me have covered the subject very thoroughly from every angle and viewpoint. The agricultural problem has been foremost in the minds of the people living on American farms for many years, and during the last eight years it has been constantly before the Congress.

Ever since coming to Congress I have been a member of the Agricultural Committee, and we have had weeks of hearings and days and days of meetings of our committee in executive session endeavoring to find a solution of the question. We find that agriculture is beset with many handicaps and difficulties. We have as many problems as we have commodities, and in some instances we have a number of difficulties and handicaps as relates to the grading, distribution, and marketing within a single commodity.

The main problem before the country has been how to control and dispose of our surplus crops at a fair price somewhere near the cost of production. My good friend and colleague, Congressman SELVIG, of Minnesota, who, before coming to Congress, was superintendent of the farm school and director of the agricultural experimental station at Crookston, Minn., directed the thought of many of our people to the fact that the surpluses that are causing our troubles are the surpluses of other countries which are being imported into this country, thus depriving the American farmer of many of the benefits of the American market.

Doctor Coulter, the president of the North Dakota Agricultural College, is firmly of the same opinion, and when he appeared before the Agricultural Committee recently he went into the question rather briefly but quite sufficiently to convince the committee that there are many reasons for the contention of Professor SELVIG and himself. These men are practical men and have made agriculture and its kindred subjects their life study.

I quote a portion of Doctor Coulter's statement on the question:

Because of the problem involved some time ago we in the Northwestern States organized what is known as the North West Agricultural Foundations, covering the States of Minnesota, North and South Dakota, and Montana, this being the group of spring-wheat States. We had this winter to make some real studies of the agricultural situation. Unfortunately I am at the present time serving also as president of that organization, and therefore I am speaking, more or less, the sentiment of all of us, at least, who have been studying these problems. Our investigation showed quite clearly that the real problem of agriculture is the problem of the surplus. Now, of course, there is nothing new or strange about that statement—that is, as we studied it, but the surplus that is causing the distress is not the surplus which Congress and the country has been talking about for the last six or eight years. In other words, we are convinced that we have all been shooting at the wrong bird. The surplus which is troubling us is the surplus produced in other countries, with low land values, peasant or serf labor, no taxes, practically, and low or almost no transportation charges. It is the dumping of that surplus on our market that is causing us the distress. Now, we have been talking in this country for six or eight years almost exclusively about the little surplus we have in wheat in North Dakota, cotton in Texas, or pork in Iowa, while all of this time we have been permitting hundreds of millions of dollars worth of substitute goods and other substitutes, textiles, clothing, hides, oils, and a multitude of other materials to be dumped in to steal the domestic market from our farmers.

And, again:

Gentlemen, this is just as practical a proposition as anything can be. It is just as practical as anything can be to eliminate this surplus from the American market if we would only go about it. I say very frankly that if we are going to live in this country we must eliminate this surplus of cheap foods produced by peasant labor on cheap lands from our markets. We must stop the importation of those products from other countries. Unless that is done you can not save American agriculture by any scheme of equalization fees, debenture bonds, or bonuses, or anything of that sort. I do not think that will be possible at all. We just positively can not compete with that sort of thing. We can not compete with those products coming from countries abroad. We can not compete with them if we have our farmers on a basis where

they can send their children to school, provide them with suitable clothing, with radios, victrolas, telephones in the homes, or bring them up to the standard on which American citizens generally are living. There is no other possible way of protecting our agriculture except to get control of this competition.

Students of the problem insist that no plan of farm relief can be effective unless the rates on the importations of agricultural products and such products as serve as substitutes of the products of American farms from foreign countries are increased. There is some jealousy apparent on the part of industrial leaders, who, while not opposing the higher schedules for agriculture, will demand higher duties on many of the manufactured products. Competition of foreign agricultural products with American agricultural products is increasing rapidly.

It is a certainty that in the revision of the tariff schedules that if the rates on agricultural products are increased in order to bring them into line and on an equal basis with industry, then to allow corresponding or greater increases on manufactured articles which the farmer must buy will undo and upset the whole plan again and leave us just as we now are, or, perhaps, in a more serious situation.

We are importing \$400,000,000 worth of livestock and livestock products and substitutes of vegetables and animal oils to take the place of lard and other animal products. We continue to import 27,000,000 pounds of starch, and yet we find no market for our potatoes. The American farmer should have a greater share of the American market.

It is the world surplus that is dumped on our market that is causing our surplus. We are importing casein and molasses and a multitude of other things, such as vegetables, fats, and oils, which serve as substitutes of the American-grown product. However, that is a question for the Ways and Means Committee to work out, but the future of agriculture depends largely upon an equitable schedule of rates on agricultural imports.

Just a mere casual study of our transportation rates will convince one of the great need for a general overhauling and revision of the freight rate structure. That portion of our country between the Allegheny and Rocky Mountains has paid, in excessive freight rates, three times what it cost to build the Panama Canal. The canal has not benefited the interior of the country any, but has been the means of adding additional burdens in the way of excessive carrying charges to the people of the Middle West.

Railroads and investments in railways must be given fair treatment, but I contend that fair treatment for the railroads does not involve unfair treatment by confiscatory freight rates for the farmer.

Progress can be made with transportation problems, especially in the development of our rivers and of an adequate outlet from the Great Lakes through the St. Lawrence River. I feel, too, that it will be possible in the near future for the Interstate Commerce Commission to make some changes in the freight rate structure of the country that will be helpful to both agriculture and industry. Freight rates to-day from outlying shipping points to primary markets are nearly 45 per cent above pre-war rates and to the seaboard are about 73 per cent higher than the pre-war rates, while in Canada the freight rates are almost back to pre-war levels.

The department of economics of Cornell University, in a recent bulletin on "Interrelations on Supply and Prices," states that—

Distributing charges for farm products in 1927 averaged 91 per cent above pre-war prices. This makes farm prices low. If farmers received their pre-war share of retail prices, there would now be no agricultural depression. I call attention to this to indicate where some of the differences and increases are.

Mr. Hoover's St. Louis speech, last November, is frequently pointed to, and with justification, as indicating his views on important aspects of the agricultural problem. In that speech he strongly emphasized the need for inland waterway improvement, or, as he expressed, "a new vision of interior water development." He held this would mean a vital contribution to the stability of both industry and agriculture—

By cheapening transportation—

He said—

It will increase the price the farmer receives for his products. This increase constitutes a most important element of his profits. He would obtain this increase not alone upon the actual products that may be transported by these waterways but upon his whole crop. The reason is that the price the farmer receives for certain of his products is the world market price, less the cost of transportation, and when parts of his crops can be exported at a reduced cost it compels buyers to enhance the price paid to him for his entire production even though most of it be for domestic consumption.

The bill proposes to set up the farm board, to finance it, to provide for stabilization corporations, controlled by the producer, to encourage the organization of producers in cooperative and other associations, and that is about as far as the Congress can go. The farmers must take the initiative. If they are progressive and careful in the setting up of their associations and engage the services of capable and experienced men to manage their business, I am firmly of the opinion that the enactment of this bill will go a long way toward bringing agriculture back where it belongs.

Many things and inconsistencies contribute to make up the great handicap agriculture has been laboring under during the last eight or nine years. One of the troubles, and a real one, too, is that the prices on farm products are made in the markets far from the place of production and without the farmers' knowledge or consent. Therefore, I think there should be stringent rules laid down for the licensing and regulation of commission men and brokers, the inspection and grading of all products, together with the providing for the issuance of grade certificates where deemed desirable. Farmers producing many of the commodities, perishables especially, have been the victims of unfair and fraudulent practices for years, and there is a strong demand for remedial legislation. The present system is pernicious, indeed. I believe that through the powers and authorities proposed to be given the farm board in this bill that many fraudulent and unfair practices will be corrected.

I have received the following letter from one of my constituents:

ROGERS, N. DAK., March 13, 1929.

THOMAS HALL, Representative,
Washington, D. C.

DEAR MR. HALL: Your recent letter received and I am taking advantage of your offer to assist me in anything of interest to me.

I am interested to know if a buyer of poultry can advertise to buy and offer big prices to get one's goods and then defraud them?

Such happened to me in December. I shipped 2 barrels of poultry, 427 pounds; allowing 40 pounds for barrels would leave me a net weight of 387 pounds. The company allowed me 361 pounds. There is a loss of 26 pounds in weight to me. Furthermore, right there prices were quoted as high as 55 cents a pound, and when they got my turkeys at Philadelphia gave me a price of 25, 32, and 38 cents. These were good-looking turkeys, for I sold one to a buyer here at Rogers at Thanksgiving which was pin feathery and hard to dress up, and it netted 40 cents a pound here. I thought to get a better price Christmas and have better-looking birds, so held them over, and they looked fine.

| | |
|---|---------|
| One barrel brought, 149 pounds, at 32 cents | \$47.68 |
| One barrel brought, 201 pounds, at 38 cents | 72.36 |
| One was a cull, 11 pounds, at 25 cents | 2.75 |

| | |
|------------------------|--------|
| | 122.79 |
| Express and commission | 26.51 |
| | 96.28 |

I thought I should at least have gotten clear what I would have gotten here, which would have been 387 pounds, at 40 cents, \$154.80—\$154.80 minus \$96.28 equals \$58.52 loss to me. Now, if farmers have to lose like this how can they stay on their feet.

You gave us your word at Rogers last summer you would help us out in anything that you could. I voted for you.

Is there anything can be done about this to get what was rightfully coming to me? Is there any way that further farmers can be protected from such a fraud?

The name of this firm is Reid & Marchant, 334 South Front Street, Philadelphia, Pa.

I have bill of lading showing weight, all their bills, etc.

Yours for a square deal from firms who use the mails.

Yours truly,

WALLACE LEE.

Undoubtedly the board, with broad powers as proposed, can tremendously stabilize the production as well as the marketing of the surplus commodities and assist substantially in the encouragement of those branches engaged in producing the crops wholly consumed domestically.

Producers already organized and carrying on through their cooperative associations should be able to reap almost immediate benefits. The farmers must furnish the initiative through organizations and it is up to them to set their house in order. I think the passage of this bill will furnish the greatest incentive for the building up of an organized agriculture the world has ever witnessed.

There are about 6,000,000 farmers in the United States and only about a total of 2,000,000 of them are members of farm organizations, which means that one-third of the industry is carrying the burden of costs and risks. The other two-thirds ride free; if there is a profit they share in it; if there are losses they do not lose as much. It will mean that the farmers will not only have to organize themselves into cooperative groups

but that they will have to do it more generally and in greater numbers and to make their memberships lifelong and their associations continuous, if the plan proposed is to be a success. It will be largely up to the farmers themselves, but with a sympathetic Congress and farm board back of them the plan should be successful.

The American farmers have come to realize that they are confronted with more than one or two serious problems which must be solved before there can be any appreciable relief. There are many. The problem which many farmers confine themselves to is the putting of their own particular crop upon a paying basis, yet, the greatest problem is to keep it on a paying basis after once having made it profitable. As soon as a particular crop has been stabilized or placed on a paying basis, there are so many changes made in acreages from the crops in distress to the crop that has been made profitable that ruin quickly comes, and sometimes within two or three years. To subsidize the product on the home market does not solve the problem. It would result in encouraging the further production of surpluses.

Many farm groups representing particular crops of great importance have the mistaken idea that they are not dependent upon all other important farm groups for a permanent solution of the American farm problem.

All American farmers are in one and the same boat, in that a surplus of American farm acreages injures all our farmers in proportion to the surplus farm acreage. The problem is one that farmers must help in solving and they can do this to best advantage through their farm organizations. It is plain that the farmers must organize as they never have before if the proposed plan is to be effective. They must organize, and stay organized.

I would say that immediate governmental aid for agriculture should include:

1. Higher tariffs on farm products on an import basis—live-stock, dairy products, meats, corn, oils, seeds, and so forth.
2. Lower transportation costs.
3. Government aid for cooperative marketing; guidance and assistance in orderly marketing through the farmers' cooperative marketing associations (including financial assistance in initiating).
4. Curbing of grain gambling.
5. The equivalent in effect of a protective tariff for surplus farm products (those on an export basis) coupled with a brake on overproduction.

I do not believe that an increased income to American farms is going to work a serious hardship to the consuming public. I think the production, the financing, the distribution, and marketing can be so organized by the producers as to bring about an increased income to the farm without any very marked increase in the cost of living in America. It is hoped that the board may be able to find a way to relieve and eliminate some of the stresses as between the producer and the consumer.

Of course, there is no legislative cure-all for the farm problems. No sensible proponent of so-called "farm relief" legislation claims there is. Congress has passed some legislation that bettered the condition of agriculture. Many State legislatures this year have revised their taxation systems to relieve the land of the inequitable tax burden it carries under the antiquated general property tax will help. The farmer himself, through his cooperative marketing organization, through studying markets himself, through application of business methods to farming, has helped himself a lot.

The farmers of the Northwest want no subsidies, no gifts; only a square deal as to tariffs, transportation, credit, and marketing facilities and they desire no benevolences other than a kindly and sympathetic interest on the part of Congress and the governmental agencies in the study of their problems and assistance in working out a plan whereby they may the better help themselves.

The bill now under consideration is not offered as a panacea. It is not presented with the idea that it is a cure-all. It is not expected that by the enactment of this bill we are going to make it possible for agriculture to lift itself by the boot straps from the slough of bankruptcy and despondency to the firm ground of prosperity, affluence, and contentment, but it furnishes the farmers with the machinery and tools so that by cooperating with his neighbor they can better help themselves. As was so aptly stated by the gentleman from Louisiana [Mr. ASWELL], "this measure marks an uncharted course."

We have had no experiences to guide us. This bill must be considered in the way of an experiment. I think it is a long step forward in the march of agricultural progress, and while I do not think that it will do all of the things that many are hoping for, still, I am of the opinion that by the setting up of the Federal farm board with great authority and the broad

powers that are proposed in the bill it is a decisive start in the right direction. As time goes on it is to be expected that many amendments and changes will suggest themselves for the proper working of the law. I hope the bill will pass without substantial amendment. [Applause.]

Mr. BANKHEAD. Will the gentleman yield for a question? Mr. HALL of North Dakota. Yes.

Mr. BANKHEAD. Are any of the gentleman's farmers out in that section of the country still believers in the theory of the equalization fee that we have heard something about?

Mr. HALL of North Dakota. Yes; there are quite a number of them, but they feel, and they actually know, there is no hope of getting the equalization principle enacted into law at this session of Congress and they want a start made, and I believe the present bill will mean that start, and they are willing to let the equalization matter rest for a while or until this farm board gets into operation.

Mr. HAUGEN. Mr. Chairman, I yield 15 minutes to the gentleman from Tennessee [Mr. TAYLOR].

Mr. TAYLOR of Tennessee. Mr. Chairman and gentlemen of the House, the Congress has been convened in extraordinary session to devise and provide ways and means for relieving the distress that pervades the great agricultural industry of this country. Everybody recognizes that this distress is genuine and widespread and that a prompt, vigorous, and effective treatment of the condition is most imperative. I realize the sheer idleness and utter futility of any attempt of mine to add anything of interest or value to the discussion that has already occurred on the pending measure. I fully appreciate that anything I may say will be merely cumulative—harmless surplusage, as it were. We all agree that the time for discussion has passed and that the time for action is here.

Mr. Chairman, while I am very much disappointed that the measure before us does not embody a provision for the leasing of Muscle Shoals with a stipulation for the manufacture of fertilizer fashioned after the terms of the Madden proposal, nevertheless, being a strict organization Republican and a sincere friend of the administration, I shall support the bill under consideration. I must confess, however, that I could support it with greater alacrity if it contained such a provision, or if it could be amended accordingly.

I am in favor of stabilizing the selling price of farm products, and, as stated before, I favor the bill before the House to do so. I am just as much in favor of stabilizing the price of fertilizer, which the farmer must have to produce his crops, on the theory that the cost of production is just as material and important to the farmer as the price for which he sells his products.

I am not among the number of those Members of the House who by study and investigation have become expert on the question of producing cheaper fertilizer at Muscle Shoals for farm relief. At one time when many witnesses before the committees and some leading Members of Congress repeatedly stated that we could not make fertilizers economically at Muscle Shoals and that the cyanamid process was obsolete, along with many others, in good faith, I accepted these representations as facts. In the light of development it does not now appear that these statements were true; and now I think everyone recognizes the soundness of the stand of the late lamented Martin Madden, who insisted that the manufacture of fertilizers at Muscle Shoals is one of the means for the relief of agriculture. With this in view, this very practical, far-seeing statesman prepared and introduced a bill for this purpose which, with minor exceptions, is identical to the bill introduced at this session by the distinguished gentleman from Georgia, Judge WRIGHT.

Those who claim that our cyanamide plant at Muscle Shoals and its process are obsolete might explain the success of a similar plant in Canada. I was surprised to learn that the capacity of our cyanamide plant is 50,000 tons of pure nitrogen, and that in 1927 the pure nitrogen in the Chilean preparation which the farmers used of our total importations was only 66,000 tons. Pray tell me why we should import 66,000 tons of nitrogen from Chile for the use of our farmers when we have a plant at Muscle Shoals that will make within 16,000 tons of the amount of pure nitrogen heretofore imported by our farmers from this South American country? What excuse can there be for permitting our cyanamide plant at Muscle Shoals to remain idle and thereby be of no aid to the farmers or anyone else when most of the product from a similar plant in Canada is shipped into the United States and used in the manufacture of concentrated and mixed fertilizers? It was a great surprise to me to learn that it is expected that the cyanamide plant in Canada will have a capacity production during the present year of more than 80,000 tons of pure nitrogen, while the total pure nitrogen in the Chilean nitrates,

which our farmers used in 1928, was only 90,000 tons. The result is that instead of helping the fertilizer-using farmers in this country to be independent of Chile, we are permitting them to still be dependent upon Chile for natural nitrogen and upon Canada for air nitrogen.

In his testimony before the Military Affairs Committee, Mr. Bell, president of the Cyanamid Co., made this statement: "This operation," referring to Muscle Shoals, "run at full capacity as contemplated here, would actually produce somewhere in the neighborhood of one-third of all the fertilizer used in the United States."

There is one thing necessary, however, to obtain this capacity production at Muscle Shoals under the terms of the Madden bill, as reintroduced at this session by Representative WRIGHT, and that is to build Cove Creek Dam, in which I am naturally very much interested, as are all of the people in east Tennessee. We can not get the capacity fertilizer production anticipated by the terms of the Madden bill without building Cove Creek to maintain the primary power at Muscle Shoals during the dry seasons. The aid to the Government's power property at Muscle Shoals, however, is not the only power benefit proposed at Cove Creek. After an exhaustive investigation, the United States engineers have determined that an installation at Cove Creek of 200,000 horsepower is entirely feasible. Therefore Cove Creek not only doubles the Government's primary power at Muscle Shoals, but affords a development of 200,000 additional horsepower at the Cove Creek Dam site itself. Thus will the proposed development at Cove Creek not only contribute to farm relief as an auxiliary of Muscle Shoals, but it will also assist in solving the problem of unemployment which steadily grows more acute and difficult as industry is mechanized. This 200,000 horsepower at Cove Creek will find ready employment and utilization by the electrochemical industries affording employment for thousands of our people. Furthermore, the completion of the Muscle Shoals program, aside from its contribution to farm and unemployment relief will to a large extent solve the problem of flood control on the Tennessee and its tributaries. President Hoover referring to the Tennessee River in an address at Seattle in 1926, stated that with just such a headwater improvement as is contemplated at Cove Creek, the floods of the Mississippi would be greatly mitigated. Had the great development visualized by the late Martin Madden been carried to fruition, the recent flood which cost scores of human lives and devastated and destroyed millions in property would have been in the main averted.

Mr. Chairman, in addressing the House in 1924, when the Ford offer was under consideration, I said: "My chief concern exists in my desire to see a large part of our population—our basic industry, if you please, the farmers of the land—given at least a modicum of relief in the way of cheaper fertilizer." And I further said, "I have no apologies to offer for associating with Democrats in the passage of this legislation." And I now say that I have no apologies to make to my Republican colleagues for associating with Democrats in desiring the passage of the Madden or Wright bill at this extra session. If we can provide a revolving fund of five hundred millions at 4 per cent to stabilize the selling prices of farm products at the extra session, then why can not be passed the Madden or Wright bill, which provides that the farmers shall pay 4 per cent on the Government's capital and stabilize the price of fertilizers at 8 per cent of their actual fair cost?

Why can not we pass the Madden or Wright bill as an amendment to this farm relief bill? If that is not possible, then if we can organize the Agricultural Committee to report a bill for the relief of the farmers in stabilizing the selling prices of their products, why can not we organize the Military Affairs Committee and let that committee report the Wright bill which will stabilize the price which the farmers have to pay for their fertilizer? [Applause.]

Mr. Chairman, if no action is to be had at the extra session on Muscle Shoals and Cove Creek, I hope some of my Republican colleagues will make a statement outlining the reasons why no action is to be taken, so that I can have some sort of an explanation for the people of my district and the people of the State of Tennessee after Congress adjourns and fails to act.

With water power going to waste at the Wilson Dam with no market for it, and the farmer petitioning us to let the power be put to work making cheaper fertilizers, to adjourn the extra session without passing the Muscle Shoals bill leaves me without a single good reason or a single satisfactory explanation to offer to the people of my district and the State of Tennessee for our inaction.

We need in the Tennessee Valley, and I beg the House for it in my district, relief from the blockade which Congress has set up against the development of the water powers of the Tennes-

see River. The Government will not build Cove Creek Dam, and Congress refuses to take action with regard to the offer in the Madden bill to build it, with the result that we are confronted with the deplorable, yes, the anomalous situation that the Government will not itself build Cove Creek Dam and will not permit a private enterprise to build it. Is not this, my colleagues, a typical "dog in the manger" attitude?

Mr. Chairman, I am a party man and propose to stand by and with my party. I shall stand for the administration policies, but I can not refrain from reminding the House of what the late James R. Mann said when, in March, 1921, the appropriation in the sundry civil bill of \$10,000,000 for carrying on the work at the Wilson Dam was defeated in the conference committee. Not during my entire tenure in this House have I ever met with a safer and more courageous leader or wiser man than James R. Mann, who when this appropriation was defeated solemnly declared:

I think the Republicans of the House have made a great mistake on the Muscle Shoals proposition.

To my Republican colleagues, standing by you and with you to-day, I ask you to carefully ponder the words of James R. Mann just quoted, to the end that we may not make any more mistakes at Muscle Shoals. If we adjourn the extra session and do not dispose of the Muscle Shoals case by passing the Madden bill as reintroduced by Representative Wright, in my judgment, we will make the greatest mistake we have ever made in dealing with the Muscle Shoals proposition. [Applause.]

Mr. FULMER. Mr. Chairman, I yield to the gentleman from Arkansas [Mr. GLOVER] such time as he may desire.

Mr. GLOVER. Mr. Chairman, ladies, and gentlemen of the House, I realize full well that I may be violating the usual custom of a new Member coming to Congress by my appearance before you on this the seventh day of my experience in Congress, but I have no apologies to make for it nor explanation to offer except this: It is my privilege to represent a great agricultural district in the State of Arkansas, and in which district there are nearly three hundred thousand people who are either directly or indirectly interested in the great subject of agriculture, which is now before this Congress.

For the past eight years we have had much agitation and discussion on the question of farm relief. I realize that all great reforms are preceded by agitation. The farmers of the South are sick and tired of agitation and they are asking relief by legislation. I am pledged to my people for farm-relief legislation and I shall support any agricultural bill that promises agricultural relief.

I believe that President Hoover is sincere in wanting agricultural relief. We have heard some criticism through the press and otherwise of him because he did not put his ideas in concrete form or, in other words, prepare and have introduced an administration bill, one coming direct from him as President. The President has evidently kept in mind the thing we should also keep in mind, and that is, that we have three separate and distinct departments of government—the legislative, the judicial, and the executive. Each of these departments of government should always properly function without interference on the part of the other. It has been made the duty of the President to call attention of the legislative department of the Government to subjects in need of legislation, and this has been done by him, and Congress should now assume its burden of preparing and passing the very best legislation that can be prepared and passed.

The question of agricultural relief is not a political question and the thought of politics or the success or failure of either party should not enter into this question of legislation. The great need of agricultural relief is the paramount question at issue. When we realize that more than 30,000,000 of people are engaged in agriculture, have been brought to the condition that they are placed in now, and that they are demanding relief from conditions into which they have been placed, then we should like men assume that burden and pass a bill that will give them the relief that they are entitled to.

The bill under consideration—H. R. 1, by Mr. HAUGEN—is a good bill in many respects, but it is a disappointment to me in this, that it does not go far enough to give the relief that the agricultural people are entitled to and that they are demanding.

The object of the special rule under which we are now proceeding, giving four days' debate on this bill before the bill is taken up to be read for amendments, as I understand it, is to get the views of Congressmen from the various sections of the United States as to their constituents' needs of legislation.

We are told by the majority party in control of this bill that we will be permitted to offer amendments to the bill, and I hope that we will not only be permitted to offer amendments

but also be able to adopt many amendments to the bill, which I think would make it nearer perfect than it is now, and by proper amendments give the relief that the people engaged in agriculture are demanding and that they are entitled to.

Section 1 of this bill is a declaration of policy. This section states that it is hereby declared to be the policy of Congress—

1. To promote the effective merchandising of agricultural commodities in interstate and foreign commerce so that the industry of agriculture will be placed on a basis of economic equality with other industries, and (2) to the end to protect, control, and stabilize the current of interstate and foreign commerce in the marketing of agricultural commodities and their food products by minimizing speculation, preventing inefficient and wasteful methods of distribution, and limiting undue and excessive price fluctuations; by encouraging the organization of producers into cooperative associations and promoting the establishment and financing of farm-marketing system of producer-owned and producer-controlled cooperative associations and other agencies; and by aiding in preventing and controlling surpluses in any agricultural commodity, through orderly production and distribution, so as to maintain advantageous domestic markets and prevent such surpluses from unduly depressing prices for the commodity.

For the purpose of carrying out these declarations, this section creates the Federal farm board, to execute the powers vested by this act only in such manner that will, in the judgment of the board aid to a practicable extent in carrying out the policy above declared.

To carry out the declaration above, the necessity of a Federal farm board or some other agency becomes apparent, and such an agency must be established if we ever carry out the policy declared in section 1 of this act.

This bill contemplates the organization of the producers of agriculture into one great and mighty organization which, if it could be accomplished, would be such a power that it could make its demands for a fair return in profits after having paid the cost of production.

Section 2 of this bill provides for the appointment of the Federal farm board, consisting of a chairman and five other members to be appointed by the President and confirmed by the Senate, and also by the Secretary of Agriculture, who is made a member ex officio.

This section provides that the salary of those appointed, except the chairman, shall be \$12,000 a year and that the chairman's salary shall be fixed by the President. We think this should be amended to make the salaries not exceeding \$10,000 per year and the chairman's not to exceed \$12,000 per year. If great men like we have serving in the Senate and in the House of the United States Government can serve on a salary of \$10,000 a year, then we believe that this board could be made up of the ablest men of the United States for that salary. There is a reason for this suggestion and it is this: The farmer, before entering into an organization of this kind, will not only want to know but will know, if he can, the expenses that are going to be incurred that will necessarily be borne by those that enter into this organization in some way. Unlimited power is given in this bill to this board, and the operation of this plan of relief may become very expensive unless the principles of economy are applied from the highest to the lowest employee.

The expense of the operation of the plan outlined will in a large measure determine its success or its failure. These expenses must be deducted before the net profit of this plan is to be received by the person in this organization. If the plan, by overhead expenses, is made too heavy, and when deducted from the profits that may come by the plan, leaves no profit to him, the plan will be declared a failure.

To illustrate what I am trying to say, a short time ago I met a negro farmer living in my district. I asked him, "How many bales of cotton did you make last year?" His answer was, "I made 20, but," he said, "the deducts ate it up." I said to him, "What do you mean by 'deducts'?" He said, "Well, it is like this; when I took my crop to the market they deducted for what I lost on my crop three years ago, and the interest that I owed on it. They deducted what I failed to pay on my account two years ago for the making of a crop, and this year they deducted for the supplies furnished, and when they got through the deducts had more than taken the 20 bales of cotton."

If, when the expenses of this plan are deducted from the profits, there is not a balance in favor of the man who has come into the organization, then it will be declared a failure.

This bill does not propose to aid any person engaged in agriculture that is not in an association or corporation that may be formed under its provisions and this, in my opinion, is one of its weaknesses. The bill ought to be so amended that every person engaged in agriculture could receive benefits under a marketing association provided for in this bill, and by that

means control the marketing of the entire output of agriculture. There is no one possessing reasonable intelligence and information on this subject that believes it possible to organize everyone engaged in any business into one body.

I believe in organization, and organization should be encouraged as far as it is possible to do so; but I do not believe that relief should be denied to those engaged in the same business by reason of the fact that they do not enter into the organization, and I will discuss this part of the bill further in my discussion.

One of the best things that I see in the bill, and which will accomplish good, is that it gives the moral support of the Government to its greatest business—agriculture. This Government should have said many years ago that he who goes forth in early morning and toils through the long day in the heat of the sun to produce the food of the world and the raw materials to clothe the world shall be protected.

The next, and to my mind one of the greatest provisions in this bill or any other bill that could be drawn, is the financial aid that is given to agriculture. This Government has given aid to many classes of industry and has helped them to profit and build up a great business.

I was born and reared on a farm in Grant County, Ark., within 20 miles of where I am living to-day. I farmed for a short time after I became a man, and until I began the practice of law. The farmers had organizations then; I was a member of the organization, and we would work out plans that would easily have given relief, but when it came to the final conclusion of the matter the organization was not able to finance and carry out its plan. No bank or banks were willing to do so at that time, nor have they been since.

When the world sees and knows that a declaration of policy on the part of this Government is to authorize an appropriation of \$500,000,000 for the orderly marketing of agriculture, it will say to those who have profited heretofore on the financial weakness of agricultural people that you can no longer succeed in that practice. I think this bill should be amended not only as stated in the bill—to authorize this appropriation—but also should actually make it available now. And I say to you of the majority party that will control that question, that the agricultural people of this country are not only expecting it but are also demanding it of you, and I hope you will accept an amendment to this bill to that effect.

One of the finest provisions of this bill, wisely used, is what agriculture has been needing for many years, and that is stabilization of prices, and that is what this bill seeks to do. The failure of this bill may be brought about by the board trying to stabilize a price at a figure too low for the cost of production and a reasonable return for the labor and capital invested.

For example, suppose after this bill is passed and the board is created that it undertakes to stabilize the price of cotton—say, at 25 cents per pound—and it should not be for less price, because it can not be produced, handled, and marketed with a reasonable profit for the labor put into it to produce it with a reasonable profit on the money invested in the farm and its equipment, with the necessary stock and implements used in the cultivation for less than that. If the board should be so unwise as to try to stabilize the price below the price that is necessary to produce the crop with a reasonable profit, then the plan would be unwise and hurtful. The same is true with every other commodity with which it undertakes to market. I speak of cotton because that is one of the principal productions of my State and district.

The trouble with us has always been in marketing cotton to control what has ordinarily been termed the "distress cotton." The farmer is honest. When debt-paying time comes he, like every other honest man, wants to meet his obligations. To make the crop many farmers have to have some help. They go to their merchants and make arrangements for supplies for the making of the crop. The merchant in turn applies to his bank for credit, so that he may furnish the supplies, and the local bank in turn applies to his correspondent bank for additional help in helping to finance the production of a crop. We ordinarily produce about 12,000,000 bales of cotton. About 6,000,000 bales of that is of that class of cotton which must sell on an early market as quickly as it is grown and ready for the market. With no system heretofore for marketing, this cotton has been dumped on the market for whatever it would bring.

The gambler and speculator in that commodity does not want a high price but wants a low price and uses whatever means he can command to produce that condition. For instance, when cotton begins to move, in the early part of the fall, one begins to read through the press that a bumper crop is to be marketed. That it is going to be far in excess of what it was first thought to be, and cotton begins to take a tumble, of from

two to five dollars per bale until the decline, in many instances, has amounted to \$25 per bale.

If this 6,000,000 bales of cotton that has been raised under conditions that I have detailed to you suffers this great loss without an orderly marketing system and a stabilization of prices, the taking off of the market that distressed cotton, by this organization or some other agency, would make it possible to orderly market the entire crop. The same is true with any other commodity that one might mention.

The condition that agriculture is in to-day was not brought about by one cause alone. Nor, will one kind of medicine or legislation alone correct that evil. One of the things that is hurting agriculture in the South more than any other is the high freight and express rates that we are paying to get our crops to market.

There is no excuse for the condition that we are in and suffering from. The freight rates on agriculture ought to be cut at least one-half by an order of our Interstate Commerce Commission on interstate freight and the intrastate rates can be corrected by the States.

During the last marketing of cabbage and potatoes in my district I found this condition to exist: An agent of certain farmers in the community was shipping two carloads of cabbage into the market. Upon inquiry of the price that they were receiving and by investigation of what the interstate rate was on it, I found that there was less than \$5 difference between the selling price of the cabbage and the price paid for carrying it to the market.

I found in another instance in another county that Irish potatoes were selling at 35 cents per bushel. As fine potatoes as ever grew anywhere. I found the farmers raising them discouraged on account of the price. When an investigation was made of the freight on the crop to the market, where a market could be found, it was the high rate of freight that was the trouble and not so much the market.

Several years ago in the county in which I live, before the creating of the Interstate Commerce Commission and before interstate rates were made as they are now, we shipped out of the city of Malvern many carloads and many thousands of crates of cantaloupes. The farmers were profiting on the growing of them, and after an excessive high rate of freight and express rate was made on them we had to discontinue the growth of them.

I have had in my experience in the practice of law there farmers bringing me their bills of lading and other papers showing the shipment and the returns received, and in many instances a demand was made at the other end of the line after the sales for an additional amount to pay the express or freight.

What is the cause of this condition? In my opinion it is this: The Interstate Commerce Commission has fixed a rate on every commodity out of one State into another and between designated points, a fixed and definite price for the carrying of that commodity that can not be raised nor lowered by the carrier. If he violates that rule as a carrier, he is penalized for so doing. What has that practice done? It has done this: It has cut out competition between railroads, express companies, and carriers of these commodities, and the farmer that has grown them there for the world's needs can not get them on the market on account of that condition.

I hope that this commission will at least do this, if it is permitted to exist: That it will fix a reasonable rate to be charged on interstate commerce and leave open for competition between railroads, express companies, and other carriers the right to make lower rates if they find they can carry it for less. In this way it will create a competition for the carrying of these articles.

It has been very wisely said by President Hoover that our rates could be cheapened by inland waterways. This ought to be done. If the Mississippi and its tributaries were serving the United States to-day as the Maker of the universe intended them to, we could be marketing our agricultural products to-day for one-fourth of what we are paying to the carriers now.

There is no reason why the tributaries to the Mississippi from the Gulf of Mexico as far north as can be developed should not be used for the purpose of cheaper freight and express rates. Not only that, but we should further provide for national highways leading into the great centers where our agricultural products are consumed, so that the farmer, by himself or in his organization with his farm-owned and farm-controlled trucks, may put his perishable commodities into a market quickly.

It has been very wisely said by a number of the gentlemen who have preceded me that this bill will in a large measure depend for its success or failure on the board appointed. I

believe that the expression would not be extreme to say that it absolutely depends upon that board. The board in this bill is given unlimited power. It becomes necessary, of course, that it should have great power. But the delegation of great powers to bureaus, boards, and other agencies should have limitations. It is my opinion that it is the duty of this Congress to prescribe the duties and put such limitations on this board as it should have.

Subdivision (e) of section 5 provides as follows:

No loan or advance or insurance agreement under this act shall be made by the board if in its opinion such loan or advance or agreement is likely to increase substantially the production of any agricultural commodity of which there is commonly produced a surplus in excess of the annual domestic requirements.

This may or may not be a good provision. It stands to reason that if one increases the price of an agricultural commodity it will, of course, increase the production of it. We have spent many millions of dollars printing and sending out bulletins of every kind and character on every subject imaginable to the agricultural world, to try to increase production. The population of the United States is rapidly increasing and we should be very careful when we try to discourage production.

If our food products raised in the United States were properly distributed into the market of the United States to the exclusion of commodities brought into this country from other countries growing them by peon labor, we would not have a condition that would require such a section as this. If the people of the United States were fed and clothed as they should be in all sections, there would be no surplus. Our great trouble has been an improper distribution of the agricultural production into the places where they are most needed.

An argument was made here on the floor of this Congress by a distinguished Congressman, that watermelons were grown in Georgia and sold on the market for 5 cents apiece, and when shipped into other markets and sold brought a dollar apiece. If it had not been for the excess profits of the middleman, the excessive charge of carrying the melon, the man in the market could have bought his melon for one-half that price, and the farmer who grew it should have received 40 cents at the very least for the growing of it.

I believe that the creation of warehouses as provided for by this bill in places where these perishable commodities are to be marketed, will in a large way correct that evil. The advisory boards from every section can keep the board advised as to the needs of the different markets in the different places in the United States and abroad, and can so orderly market those articles that they will bring a handsome price to the producer.

The trouble as it is now is that a price will be named, we will say, in the city of St. Louis, of so much per melon of a certain weight. As a result of the market quotation for that day, melons from all parts of the South are shipped in carload lots into the city and the market is oversupplied, and the farmers who grew the melons get nothing when shipped in. When, if they had an advisory agency, that agency could advise them of the needs of certain markets, and the amount to be shipped there, and prevent a condition of having too much in one market and not enough in the other.

This bill if it had some further amendments to it could carry out that idea and correct much of this present evil.

I like the provision of the bill which makes it the duty of the board to study the new uses to which some of our agricultural products and by-products may be put, and by that means increase the use of those commodities.

In other words, we ought in a great country like the United States use and consume every bale of cotton that is now or has ever been grown here. This condition, I believe, would be brought about by the proper and careful study of that question.

Take cotton, for instance. The cotton farmer who it is said has produced an overcrop, buys his bagging of jute and hemp, raised in other countries and sent in here practically duty free; the sacks for the shipping of grain of all kinds is made from their materials. We ought to have such a duty placed on jute and hemp so that the use of all the lower grades of cotton for wrapping cotton and for the making of every kind and character of sacks that grain or other commodities are shipped in, and thus take up a large per cent of the cotton crop that is called a surplus.

There are many uses that cotton can be put to that will make impossible an overproduction. The price of our exports usually fix the price of our home market. This should not be. We should have a stabilized market in our own country and thus fix a standard that will give a just return to the people producing agriculture as well as other things.

We frequently talk about a surplus in cotton. We should always produce a surplus of over one year's needs for cotton.

We ought at least to have 2,000,000 bales of cotton available at all times. For this reason we who live in the South, where cotton is produced, know that frequently one has a promising prospect for a crop and the boll weevil and the cotton hopper or some other insect comes along and destroys the crop to where it might be reduced in any one year below the demand for it or cut short by drought.

Joseph taught Pharaoh a great lesson when he taught him that there were fat years and lean years, and that during the fat years wisdom would say that he should provide for the lean years. That principle is true in cotton, at least. One of the weaknesses of this bill is the fact that it does not, in the face of the bill, provide for the proper inducement of the farmers to get into this organization.

I asked the question a few days ago of my distinguished friend Mr. McKEOWN, the gentleman from Oklahoma, as to how much a farmer owning 10 bales of cotton and worth \$100 per bale on the market at the time that he enters or becomes a member of this farmers' organization would be permitted to draw on the 10 bales of cotton when placed in storage by this association. The answer to that question shows the necessity for an amendment to this bill. This bill does not provide what percentages might be paid the owners at the time they take their cotton, corn, rice, wheat, or other commodity to the storage—what they are to receive for it.

We are told by those of the party in charge of this bill that it will likely be "so and so." Unless the board is wise and fixes a sum around what the commodity is worth at the time it is taken over and into storage there will be little inducement for the farmer to enter into this organization. I see no reason why that commodities, like cotton, corn, wheat, and rice, that are not of a perishable nature, should not be taken over and into the association for marketing at what it is worth on the day that it is placed in such storage.

This bill very wisely provides for insurance on the commodities against decline in price. Then how could it bring less or how could the board lose anything except the cost of marketing?

The farmers in the South have had much experience in organizations, or trying to organize, and in many instances not to their help but to their detriment. We have farmers in the South to-day in an organization where they have been advanced 60 per cent of what their commodity was worth when they placed it into the association, and I am reliably informed by some of them recently that they have for the past four years put their crops into the association and have never been paid the other 40 per cent, and perchance never will be.

This kind of an association will not produce the great marketing agency that the agricultural interest needs.

The great trouble with the farmer of the South is and has been for many years that he has nothing to do with the making of the price that he sells his products for nor the price of the things he has to buy in exchange of his commodities. How can any individual prosper in any business under that kind of condition?

I asked Mr. KETCHAM Saturday—the gentleman from Michigan—who in my opinion made a very intelligent explanation of this bill, the question as to the effect of this bill on the gambling in futures. It is the opinion of the southern farmer, and it is the opinion of the speaker, that the conditions produced by them in that practice has been as hurtful as any other one thing to the farmer. Gambling in futures is wrong, on the agricultural products produced by the man that goes out and toils from early morning to night to produce the commodity. I say it is inherently wrong. One can not regulate a wrong, but one can right it; and it is my opinion that if this nefarious practice was stopped it would be exceedingly helpful to the farmer. If this bill will correct that evil, which the gentleman from Michigan thinks it will, it has accomplished in a great degree the greatest good that could come to the farmer, in my opinion.

There is another trouble that the agricultural people have endured that is wrong both in principle and in practice. I refer to the unjust discrimination in tariff. A tariff wall has been built high and strong around many of the things that the farmer has to buy, which is manufactured and sold to him in exchange for what he receives from his labors. When I think of these great tariff walls, high and towering, in protection of the privileged few I am reminded of a declaration from the Bible, the Master builder speaks to Amos and said, "Amos, what seest thou?" He said in substance, "The Master on a high wall with a plumb line in his hand." Then we have the declaration from the Master in which he used words like these: "Behold I set my plumb line before my people, Israel."

We Democrats would like to meet you on the issue of tariff that you say has been built by the plumb line of justice and let us show you that it has not been built by the plumb line of

justice and right, but it has been so built that it is made a privilege for some and a detriment for others. It has created this condition, that the farmer's dollar that he gets for his products has no purchasing power under the present conditions. This condition ought to be changed. The high wall of protection around the things produced that the farmers have to buy should be torn down and he should have the privilege of buying at such a price as will give a purchasing power to that with which he has to buy.

I have the honor to represent the great Rice Belt of Arkansas, or the greater part of it. In that belt is found some of the finest lands that the human eye has ever beheld. The land is especially adapted to the growth of rice. It grows there of the very finest quality that is grown anywhere, so far as I know. There is there now in one small city of about 7,000 people, five of the largest rice mills in the country. The tariff legislation of 1922 was manifestly unjust to the growers of rice in this country. The bill evidently is, or that paragraph which affects rice, was not carefully prepared. The tariff bills prior to this act affecting this commodity had placed in its definitions of terms of what constituted the different classes of rice and what constituted such terms as broken rice. The tariff bills prior to this had contained a provision defining broken rice that it goes through certain defined screen. It would be, say, a rice grain broken into parts that would go through this screen, and this was classed as broken rice. This definition in the last act was left out entirely, and the foreign-growers of rice took advantage of this situation and have shipped into this country millions of bushels of what they term "broken rice," which in many instances contain 90 per cent of whole-grain rice and was brought into this country practically duty free, to the crushing detriment of every rice grower in the State.

We hope that the Ways and Means Committee, when they bring in their bill, will correct this trouble and will place a duty on that character of products as will be just and fair to the people of this Government.

The by-products of agriculture must be taken care of and put to use if the farmer is properly taken care of. Speaking of the rice industry, I have just received a communication from the secretary of the chamber of commerce at Stuttgart, J. Marion Stafford, of the possibilities of the development of the by-products of rice—that is, the taking rice straw and manufacturing it into paper. This letter states to me, which is true to my personal knowledge, that 100,000 tons of rice straw within a 30-mile radius of Stuttgart, Ark., is going to waste every year of the world, for the lack of profitable use.

This by-product of 100,000 tons of rice straw, at \$15 per ton, we will say, would produce to the rice growers within the radius of 30 miles the value of a by-product of \$1,500,000. The argument with reference to this is equally true with reference to other commodities. This bill making it the duty of this board to study the new uses to which agriculture and by-products of agriculture can be put will certainly, if it functions properly, correct such conditions as I have detailed.

I hope we can have some legislation within a very short time taking care of this proposition and others of like kind.

I would like to see this bill amended to at least include a few sections of the bill I introduced and numbered H. R. 713, one of which reads as follows: "The board is hereby authorized and empowered, in case an attempt is made to corner or to unlawfully control any agricultural commodity so as to fix and control the price thereof to the detriment of the producer of said commodity, to adopt such means as is necessary to prevent same by purchasing, if necessary, a sufficient amount or quantity of said commodity to prevent a corner or unlawful control of said commodity."

I would like to see a further amendment to this bill which would authorize the board to purchase or make loans on stable commodities like cotton, corn, wheat, or rice to persons not in this association to the full market value of that commodity at the time same is sold or loan made, so as to enable the marketing agency to control as much as possible all of the agricultural products.

This bill, by amendment, can be made a very great help to the farmers as a whole. I hope we may be permitted to amend it to make it the very best bill it is possible for this Congress to pass.

As stated before, I am committed to an agricultural bill and will support this bill in its present form if we can get no better, but I hope a better bill can be made of it by an amendment.

As God gives me the light, I shall, with all my might, work day and night to give to agriculture its inherent right. [Applause.]

Mr. FULMER. Mr. Chairman, I yield to the gentleman from Alabama [Mr. PATTERSON] 20 minutes.

Mr. PATTERSON. Mr. Chairman, ladies, and gentlemen of the committee, the history of, and agitation for farm legislation is one of the most unique periods in the history of our Republic. This question arose in earnest about seven or eight years ago, and from time to time the bills have poured in and developed, until a few years ago Congress gave us the McNary-Haugen bill. That was finally set aside, and now we have the bill to-day for cooperative marketing. Perhaps no other legislation in the history of our country has produced so much turmoil as the agitation for farm relief, and we now see that this demand has been justified and was caused by underlying and permanent inequalities, which must be remedied if our economic system is to progress and endure.

I believe the La Follette revolt in 1924 was the direct result of the inaction of the Government in the matter of farm relief, and it has cost several men the loss of their place in Congress. This Congress must act. We have had much talk and little action on farm relief in the past. I will therefore be brief in my statement.

I wish to say a few words in regard to the bill and discuss other legislation which should be enacted if this farm problem is to be completely solved.

I have been vitally interested in all that has been said. I feel that the only way to bring out proper legislation is to get the entire opinion and ideas of the people and as was effectively said by the distinguished minority leader a few weeks back "Congress is the mosaic of the Nation," and in any legislation like this we should have the opinion and ideas of all the people of the country. I have noted the ideas not only coming from those opposed but those favoring the bill—I have also noted the ideas of the men who represent the great centers of industry, some of whom I think have made valuable contribution to the discussion. We must realize the prosperity of the farmer and the working man in the industrial centers is closely interwoven and as representatives of the people we must consider the interest of the consumer. I believe that we should pass a bill which will aid the farmer and not hurt the consumer. If we do not get a better bill I shall vote for the pending bill. I do not want to take the responsibility of voting against any kind of farm legislation which promotes the welfare of our people. I do feel that this bill will not accomplish for the farmers of this country what they expect—especially the farmers in our section. I commend the purpose of the bill. I believe that the committee has been sincere and hard working and brought out the best bill they think possible to get passed by the Congress and be signed by the President. The bill provides two or three features which I should like to discuss but will not because others more able than I have already discussed them. One important one is the broad powers of the farm board attempting to stabilize farm prices, another is the large appropriation, and then there are the specific things the board is directed to do and finally the field left open to the discretion of the board. I think the action of the board in this discretionary field will largely determine the use of the board and success of the measure. I think there will have to be something else done besides the stabilization. One point I want to emphasize is that the stabilization of the farmer in his present condition is not what we want. [Applause.] In my section we want to go further than that. I venture all our farmers if they could be heard would say the same thing. Of course there will be various objections raised to any kind of farm legislation that may be proposed.

As I said, it is a new field that we are striking out into, but there comes a time in the history of all civilized people when they must strike out into new fields in order to preserve their civilization and meet the demands of the age. This time came to the children of Israel under Moses when they crossed the Red Sea. It came to the Greeks at the Battle of Marathon, when they turned back the Persian hordes and saved western civilization. It came to the Romans in the struggle with Carthage, when they threw down the gage of battle to the death, even though the enemy was under the command of the great Hannibal. Our own English ancestors met that challenge at Runnymede, when the barons faced King John and wrung from that prince the Magna Charta. It came to our own country in the days of the Revolution, when our forefathers—and they were mostly farmers—followed George Washington from Bunker Hill through Valley Forge to Yorktown; and it comes to us to-day, my colleagues, in this great crisis, when we must break with some of the principles of the past and strike out into new fields and give the farmer such relief as he is entitled to. [Applause.]

What do we face to-day in agriculture? In spite of what has been said by some, and annually repeated, that agriculture is just about to be prosperous, we all know that agriculture has greatly fallen behind each season. The situation to-day shows that if every other industry in the country were to stop producing for 12 months, the farmers, after a prosperous year, would still be behind, because the average annual loss to agriculture has been about 15 per cent as compared with other industries for eight years. Let us trace the problem of agriculture from a more early period. In 1850 the farmers of the country owned more than half of our national wealth. To-day the farmers own a little more than 16 per cent of our national wealth. Since 1920 the farmers have lost almost one-third of the value of their entire wealth. During the same eight years our national wealth has increased almost 33½ per cent. In other words, eight years ago in this country the statistics show that the farmers owned about two-sevenths of our national wealth, and that to-day they own only about one-sixth.

The income-tax statistics show that approximately 10,000 people in the United States had a greater net income last year than did all of the farmers of the country put together. The approximate net income of 10,000 people in the United States given in the past year was \$2,670,000,000, and the net income of all of the farmers of the country, not allowing them \$1 for wages themselves, was approximately \$2,669,000,000. Just a little more than 13,000,000 of our farm population live on their own land with nearly 40 per cent of that under mortgage.

The question which comes to my mind is, what will this bill do for agriculture? What will be the status of agriculture if we pass a bill like this? I try to answer that in these terms. In the study that I have given to this question I have tried to figure out some of the things that the farmer needs. My distinguished friend from Illinois [Mr. WILLIAMS] I think said on the floor that he did not expect that this bill would solve all of the problems that confront the farmer, but why not go a step further and solve, if it can be done by legislation, some more of the difficulties that confront the farmer, for it is admitted the cooperative marketing proposition will not solve all the difficulties? I would suggest about seven things that I think will help the farmer. One is a continuation and a widening of the good work of the Agricultural Department. This bill will help that. Another is the revision of the tariff in the interest of the farmer. This bill has nothing to do with that, but we have been promised later that we shall have a tariff measure which will help the farmer. I certainly hope that we do have one which will be in the interest of agriculture. Then there should be a better system of credit.

One of the most striking statements uttered in the past few years, I think, was contained in the report of the Secretary of Agriculture for 1927. He says in that report, as I recall it offhand, to the effect that the credit system, even the Federal reserve banking system and all the credit systems set up, did not furnish an adequate credit system for the farmer; that these institutions were adjusted more for industry than for the farmer. The farmer needs a better credit system. This bill, we are told, will help the farmer to a better system of credit during the marketing season, but, as I understand it, does not undertake to do that at other times of the year. I certainly hope it will. Then there is another problem that the farmer has and that is the question of freight rates. He needs cheaper freight rates. I could tell you some of the things that have happened in my country, where we grow watermelons, where oftentimes a man has been sent a bill for a balance after he has shipped a carload to market, but I shall not go into that, as I have heard others refer to such conditions. He needs cheaper freight rates, and this bill does not promise to do anything for the farmer along this line that I have been able to discover.

Mr. WILLIAMS of Illinois. Mr. Chairman, may I interrupt the gentleman there?

Mr. PATTERSON. Yes.

Mr. WILLIAMS of Illinois. If the gentleman will turn to the section of the bill defining the powers of the board, he will find that the board is directed to make an investigation of that kind respecting transportation.

Mr. PATTERSON. I so understand.

Mr. WILLIAMS of Illinois. We thought that would be very helpful, to have a great board, representing the agricultural interests, make an investigation on the effect that transportation has on the industry, and making such recommendations as they think will serve as a remedy in the interest of agriculture.

Mr. PATTERSON. I am glad the gentleman has made that suggestion.

Assistance in the marketing of agricultural products is one of the best features of this bill. Another point I suggest for relief of agriculture which has been spoken of very frequently this afternoon, so frequently that I hardly think it advisable to speak further on it—it is the utilization of Muscle Shoals. We produced in my State about \$90,000,000 worth of cotton and about \$25,000,000 of that went to pay our fertilizer bill; \$25,000,000, or more than a fourth and almost a third of our income in Alabama from cotton, went to pay our fertilizer bill. This Congress should enact legislation that would give the farmers of our country a cheaper and better grade of fertilizer by utilizing Muscle Shoals. [Applause.]

Then there is the question of the stabilization of the market; not only that, but going beyond stabilization and giving the farmers a reasonable profit on the commodities they produce. Some think that the broad phrasing of this bill will enable the board to do that. But I fear the provisions of this bill will never reach our little farms which produce only 8 or 10 bales of cotton, or 120 bushels of wheat or other commodities. Here is one of the things that I fear. I wanted to ask the question of some gentleman on this point the other day. The man who is able to finance his own operations, perhaps, may not be induced to come into this, while the man who produces only a small crop will find himself forced to sell without the advantage of an increase in price. That is one of the things that I am disturbed about, as to those who will not get the benefits of this bill.

Of course, I know more about cotton farming than any other class of farming, but there probably have been times since 1921 when the wheat and corn farmers in the West and Northwest suffered more than our cotton farmers, but not in the last three years.

I hesitate to raise the curtain and give you a picture of the darker scenes in our cotton plantations in the South, where we have suffered for many decades under arduous toil and with small incomes. In my section the income of the average cotton farmer, if he undertakes to live according to any standard of living that is set up by our departments making these investigations, would not last six months. It is a great question. I doubt not that conditions like that are to be found in other sections. I do not ask relief, however, for cotton farmers alone, to the exclusion of other farmers. We are all in the same boat. I can look you candidly in the face and repeat the statement of that great statesman from Massachusetts who said that his patriotism was not bounded by State lines. I thank God I can look into your faces and say the same to-day. I love every State and every section of my country. I would like to see the farmers generally put on their feet; the class who have done so much for our country, answering the call of the Nation in every crisis; that class which has given so many of our great statesmen to the country and from which so many of you, my colleagues, have come.

This Congress is called into extra session to pass farm relief legislation, and it is certain to go down in history as one of the most memorable Congresses we have ever had, judged either from what it accomplished or what it failed to accomplish. I am ready to go all the way and give the farmer all the relief he is entitled to, not only by giving him cheaper fertilizer at Muscle Shoals but by passing a law to stabilize his prices and give him a reasonable income on what he produces, which he has not had for many years.

What destroyed Rome? Rome fell because she had pauperized her farmers and made peasants of them. Some say, "Give us a bold peasantry for the safety of the country." I say not "Give us a bold peasantry," but "Give us an independent agriculture than can stand on its own feet." That will make for the safety of the Republic. [Applause.]

Mr. ARENTZ. Mr. Chairman, will the gentleman yield there?

Mr. PATTERSON. Yes.

Mr. ARENTZ. My friend from Alabama knows that there has been a remarkable change in the country's attitude toward the farmers in the six or eight years just passed. For years we have been trying to present the proposition that there is an agricultural problem. To-day we do not hear that any more, because everybody knows it. That in itself is wonderful progress. It is noteworthy that in the last few years the people of America have come to realize that there is a farm problem, and that it is now going to be settled by this farm board in the way they think will be best for the country.

Mr. PATTERSON. I thank my good friend the gentleman from Nevada for that contribution. I think it is a great compliment to the past Congresses. If we have done that much

already in the interest of the farmers, we are likely to make still further progress in the near future, and I sincerely hope and predict that if we can once get some constructive legislation on the statute books in the interest of the farmer we can amend it and will thereby develop rapidly a great national agricultural policy. [Applause.]

In closing, may I call your attention to the words of two men who have spoken on different occasions—one who spoke on the 4th of March, 1913, out in front of this Capitol, when he said, "Here muster the forces of humanity and not the forces of party." My colleagues, I wish I might to-day speak with the voice of the 26,000,000 toiling farmers. The class of men and women who stand bareheaded when if perchance they get an opportunity to see once in a lifetime their Capitol. They thank God for such a country. They almost remove their shoes for they feel that they are on holy ground.

This is the great people I call your attention to to-day. They send up their petitions over their frugal meals daily in the interest of their country. They made the first stand at Lexington, they leaped over the breastworks at New Orleans under Jackson, they joined their brothers from cities at San Juan Hill, and the Marne, Argonne. Let us forget party and everything but God, country, and that here muster the forces of humanity.

And may I call your attention to a paraphrase of the words spoken on the battle grounds of Gettysburg November 19, 1863, where no other man on any political occasion ever soared to the heights and spoke as that man did when he said:

Let us reconsecrate ourselves to this unfinished work and rededicate ourselves to the cause which remains.

[Applause.]

Mr. HAUGEN. Mr. Chairman, I move that the committee do now rise.

The motion was agreed to.

Accordingly the committee rose; and the Speaker having resumed the chair, Mr. MAPES, Chairman of the Committee of the Whole House on the state of the Union, reported that that committee, having had under consideration the bill H. R. 1, had come to no resolution thereon.

MUSCLE SHOALS

Mr. LARSEN. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by inserting therein a copy of a letter written by the commissioners of agriculture of several of the New England States to the President of the United States, asking that the Muscle Shoals project be included in the legislative program to be submitted at this session of Congress; and I also ask that I may have like leave to print in the RECORD in the same way a letter written by myself to the President of the United States asking for a disposition of this project and the organization of the Committee on Military Affairs of the House in order that it might function in a disposition of the Muscle Shoals project.

The SPEAKER. The gentleman from Georgia asks unanimous consent to extend his remarks in the RECORD in the manner indicated. Is there objection?

There was no objection.

Mr. LARSEN. Mr. Speaker, under leave granted me by the House to extend my remarks in the RECORD I submit for insertion copy of letter written by commissioners of agriculture of several of the New England States, recommending and requesting that the President of the United States include in the legislative program to be submitted to Congress at the present special session a disposition of the Muscle Shoals project.

By virtue of the same permission I also submit for insertion in the RECORD copy of letter which I addressed to President Hoover on April 9, 1929, asking that the Muscle Shoals project be included in the legislative program for disposition at the present session and that he use his good office to have the Military Affairs Committee of the House organized for such disposition of the project at the present session of Congress.

CONCORD, N. H., March 14, 1929.

HON. HERBERT HOOVER,

President of the United States, Washington, D. C.

DEAR MR. PRESIDENT: The undersigned commissioners of agriculture, addressing you in the interest of the farmers of our respective States, ask that the disposition of Muscle Shoals be included in your legislative program for the extra session of Congress, and that the Government's losses there, amounting to over \$3,000,000 last year and totaling over \$10,000,000, be stopped. We are confident that you will adhere to the policy of ex-President Coolidge (who favored the passage of the Madden Muscle Shoals bill) that any lease of the Government's properties should provide for the large-scale production of nitrogen fertilizers at Muscle Shoals.

While we ourselves have no partiality for the Madden bill, we are opposed to any lease of the Muscle Shoals properties that does not specifically provide for the production of fertilizers in concentrated form to the full capacity of nitrate plant No. 2, with the manufacturer's profit not to exceed 8 per cent of the actual fair cost, and with a farmers' board provided to supervise this cost.

We heartily indorse your expressed determination to aid American farmers in their efforts to dispose of their products more profitably, and trust that legislation to this end will be worked out successfully during the coming session. We believe you will agree with us that agriculture should be granted equal opportunity with other groups to purchase economically as well as to sell profitably.

The purchase of commercial fertilizers constitutes one of the largest annual expenditures of the farmers. In 1928 they used over 8,000,000 tons, which we estimate cost them at least \$250,000,000. The most expensive element in commercial fertilizers, of course, is the nitrogen which they contain. For years our farmers have paid for this nitrogen at prices fixed in a foreign country by the Chilean Nitrate Producers' Association.

We have been assured that the development of the synthetic ammonia industry in this country would relieve farmers from this foreign price fixing and bring down the cost of nitrogen, but while domestic nitrogen in the form of synthetic nitrate of soda and by-product sulphate of ammonia is now being produced and marketed in this country in large quantity, Commerce Department records show that our importations of Chilean nitrate are larger than ever before (certain war years excepted), and that our dependence upon Chile for nitrate is twice as great as before the war, while our farmers still pay substantially the same prices as formerly. From a statement published in Commerce Reports on September 3, 1928, it appears that the Chilean price fixing is to be continued and since our farmers are paying more for their nitrate than European farmers, the prices fixed for the American market are likely to be higher than those of other countries.

As ex-Secretary of Agriculture Jardine stated in his last annual report, one opportunity for cheaper fertilizer lies in the adoption of more concentrated forms of fertilizer materials which can be shipped long distances with large savings in freight and which can be handled by the farmer with much less labor and expense. If these concentrated fertilizers, however, are to be sold at such prices that the savings in freight go to the purchaser instead of to the consumer, then much of the advantage referred to by the Secretary will never reach the farmer.

You are perhaps familiar with one conspicuous opportunity which is offered to agriculture for obtaining at a single stroke the benefits of modern air-nitrogen production under favorable circumstances in concentrated form with the manufacturer's profit limited to 8 per cent of the fair cost of production and with distribution direct to the farmers through their own cooperative purchasing organizations under the supervision of a farmers' board, which also determines what the actual cost has been for the protection of the consumers. This is the opportunity offered in the Madden bill for the production by private initiative of a large tonnage of concentrated fertilizers at Muscle Shoals. The bill was reported favorably by the Military Affairs Committee of the House at the last session, and if agriculture is to have equality or opportunity with other occupations, we believe that no such opportunity for the farmer should be ignored, but should be included in any farm relief legislation considered by Congress at the extra session. You will remember that the Muscle Shoals inquiry commission, appointed by ex-President Coolidge, found that a reduction in the delivered cost of fertilizers averaging 43 per cent might be expected under such conditions as are provided in the Madden bill.

We believe that this offer, or a better proposal if one can be had, should have the immediate attention of Congress at the extra session, and that legislation for the production of concentrated fertilizers at Muscle Shoals by private initiative should have the hearty indorsement of your administration as one effective means of farm relief, for we agreed with you when you stated in a former address, referring to the Tennessee River, that "the devotion of a large part of the power which should be created here to the development of the electrochemical industry is a national necessity for industry, agriculture, and for defense."

We are in utmost accord with your policy of equal opportunity for all groups, but we would remind you that the Boulder Dam bill provides for the reclamation of 211,000 acres of land for the benefit of non-fertilizer-using States, at a cost of \$38,500,000, upon which no interest at all is to be paid, while the farmers in fertilizer-using States can not obtain the use of the wasting water power at Muscle Shoals for the production of more concentrated and economical fertilizers, although 4 per cent is offered on the estimated fair investment of the Government. To our mind, this is not equal opportunity, it is discrimination, for you will remember that Mr. Roosevelt when President made it clear that in the arid regions of the West it is not land but water which measures agricultural production, and we would emphasize the fact that in the fertilizer-using sections it is becoming truer every year that it is not land but fertilizer which measures crop production.

Trusting that the nitrate plants at Muscle Shoals will not be permitted to continue in idleness with the power going to waste over the dam while Congress seeks elsewhere to find at least one effective means for the relief of agriculture, we are,

Very respectfully,

ANDREW L. FELKER,
Chairman New England Muscle Shoals Committee,
Commissioner of Agriculture, State of New Hampshire.
HARRY R. LEWIS,
Secretary New England Muscle Shoals Committee,
Commissioner of Agriculture, State of Rhode Island.
EDWARD H. JONES,
Member New England Muscle Shoals Committee,
Commissioner of Agriculture, State of Vermont.
ARTHUR W. GILBERT,
Commissioner of Agriculture, Massachusetts.
FRANK P. WASHBURN,
Commissioner of Agriculture, Maine.
WILLIAM B. DURYEE,
Secretary of Agriculture, New Jersey.
JACOB G. LIPMAN,
Dean Agricultural College, New Jersey.

APRIL 9, 1929.

The PRESIDENT,

The White House, Washington, D. C.

MY DEAR MR. PRESIDENT: As a member of the House Committee on Agriculture, I am studying the farm-relief problem, a subject in which I am sure you are deeply interested.

In this connection, I desire to heartily commend you for calling special session of the Congress to deal with this pressing problem.

I understand that present plans contemplate the organization of only four committees in the House—namely, Agriculture, Ways and Means, Accounts, and Rules for dealing with the farm-relief program. In my judgment, these four committees will not adequately suffice for the purpose. At least, organization of the Military Affairs Committee will also be necessary for no complete farm-relief program can be enacted which does not solve, or ameliorate the fertilizer problem, particularly acute in the Southern States. Neither of the committees mentioned has jurisdiction of this subject. Certainly farm relief involves a disposition of the Muscle Shoals project, in which the Government now has an idle investment of more than \$70,000,000.

The object of this letter, Mr. President, is to request that you include in the legislative program to be submitted to Congress the disposition of the Muscle Shoals project, recommending that the plant be put into operation at the earliest practicable date and into the production of nitrates for the national defense in time of war, and fertilizer in time of peace, in accordance with section 124 of the national defense act of 1916. Under provision of this section the property was developed for the purpose aforesaid.

The farmers of the United States use about 8,000,000 tons of fertilizer annually and they pay for it approximately \$250,000,000. We imported last year 2,532,946 tons of fertilizer and materials—of this amount 1,138,017 tons of nitrates came from Chile and elsewhere. Nitrates are now being sold to our inland consumers at from \$48 to \$50 per ton, and on basis of former price will cost the farmer \$54,624,816.

The weight of expert testimony delivered before congressional committees, touching the manufacture of fertilizer at Muscle Shoals, shows that if the plant were put into active operation basis of full capacity it would produce all the fertilizer and nitrates necessary for our domestic use and that it should result in an annual saving to the farmers of from 30 to 50 per cent of the bill which they now pay for fertilizer, and in addition to this some \$12,000,000 of the transportation costs which he now pays, or a total annual saving of around \$90,000,000. Thus not only would the burden of such farmers be reduced in cost of production but it should also lessen the cost to the ultimate consumer. The operation of Muscle Shoals along lines suggested would, including both cost of fertilizer and transportation, result in an annual saving to the farmers of the Southern States more than \$150,000,000. In addition the farmers would obtain a nitrate with about 61 per cent plant food content, instead of 16 per cent as in the case of Chilean nitrates. The fertilizers would be used in the section to which I have alluded to a great extent in the production of cotton and cigarette tobacco and would therefore tend to aid rather than injure farmers in other sections of the Nation.

Trusting that you may find it convenient and advisable to lend your good offices in the way I have suggested, I am, with sentiments of high regards,

Yours truly,

W. W. LARSEN.

ADDRESS OF HON. MILTON A. ROMJUE, OF MISSOURI

Mr. MILLIGAN. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by incorporating an address

delivered by my colleague the gentleman from Missouri, Mr. ROMJUE, over the radio, on April 20.

The SPEAKER. Is there objection to the request of the gentleman from Missouri?

There was no objection.

Mr. MILLIGAN. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following address delivered by my colleague, the gentleman from Missouri [Mr. ROMJUE] over the radio, on April 20:

FARM RELIEF

Ladies and gentlemen of the radio audience, at the invitation of the management of this radio station to address you on this occasion, it gives me pleasure to get as quickly as possible to the thought I wish to convey to you.

The Congress of the United States is now assembled in extra session in compliance with the call of the President of the United States.

One of the major questions to be considered, and, in fact, is now being considered, is the farmers' situation or problem, and how to remedy the distress and bankruptcy which is stalking the land and involving agriculture. The farm relief bill now before the Lower House of Congress has the approval of Mr. Hoover, and may be said to be the administration bill.

It is heralded as the carrying out of the Republican Party's pledge given before the last election to give relief to the farmers. When it is passed, as it most likely will be, the press, so far as it is in sympathy with Mr. Hoover's program, will say to the public—and particularly will it inform the farmer, that he has been given relief and that the Republican campaign pledge has been kept.

While the proposed bill now before Congress is heralded as the farm relief bill, I am sure I can truthfully say that those who are in close contact with the program of legislation for the alleged purpose of aiding the farmer know that a protective tariff bill is contemplated to be passed at this extra session, and judging from the proceedings that have been going on before the Ways and Means Committee, which has recently been in session considering tariff proposals, it is apparent that after the present bill now pending is out of the way, a protective tariff bill is intended to be passed for the alleged purpose of further aiding the farmer with his surplus crops.

Instead of the proposed tariff legislation giving the farmer relief the farmer may expect nothing else from that tariff legislation than, comparatively speaking, wherever he receives a pickle's worth of benefit he will be penalized and burdened in the interest of other industries perhaps five times or more as much as the benefits he receives. The fact is that it is now generally conceded by nearly everyone who is informed on the farmers' problems, and who has studied them from the standpoint of legislation, that there is a necessity of disposing of the farmers' surplus crops, most of which surplus must go to the world market, and many of the outstanding students of the farmers' surplus crops have long ago recognized that a tariff will not take care of his situation nor bring relief to the farmer where he has a surplus production.

Being a Democrat, to make that statement some who are not in accord with Democratic principles might say that such a statement coming from a Democrat should be looked at as a partisan statement; therefore to satisfy, or at least to offer you the views of men who are well posted on this point, I propose to give you not my own statement on this matter but the statements of some prominent Republicans who have heretofore expressed their views on this point, and I think if you will follow me closely you will see that the views of these Republicans are not in agreement with those Republicans who now assert you can aid the farmer with a high protective tariff as it applies to his surplus crops.

Therefore I quote to you the statement of Senator Gooding, who formerly represented the State of Idaho in the United States Senate. On June 24, 1926, at page 11865, CONGRESSIONAL RECORD, this distinguished Republican said:

"There are four great agricultural products which can not be protected by a tariff because we produce a surplus and we must sell that upon the world market, which means the world market price in America for wheat, cotton, hogs, and corn."

As witness No. 2 I quote from the CONGRESSIONAL RECORD of August 2, 1909, Senator Bristow, a Republican Senator at that time from the State of Kansas, as follows:

"We raise far more wheat, corn, cattle, and hogs than we consume, and the result is that the farmer can not be protected by a tariff because the price of his produce is fixed by the world market."

As witness No. 3 I quote from the CONGRESSIONAL RECORD, August 11, 1922, another distinguished Republican United States Senator who was in the Senate at that time, Senator Knute Nelson, of Minnesota, as follows:

"I come from an agricultural State. It seems to me that the Senator from North Dakota [Mr. McCumber], in his zeal to put such an immense tariff on these agricultural products—higher than we have ever had before, higher than there was any necessity for—has done so simply to oil the protection machine for the woolen schedule and some other schedules in the bill."

"This bill in its entirety is a more radical and more extreme measure so far as protection is concerned than even the Payne-Aldrich law. I had hoped, Mr. President, that protection would not run mad as it has done. I never in all my life saw such a swarm of men as were around the Finance Committee while they had this bill before them, and most of them got their work in well."

As witness No. 4 I quote from the CONGRESSIONAL RECORD, July 13, 1922, another Republican, Senator Lenroot, who on that occasion said:

"Instead of such rates as this being something to the credit of the Republican Party, they tend to damn the Republican Party if they are put into the bill."

And again on July 26, 1922, he said:

"The Payne-Aldrich bill was crooked, yet if it had not hurt the American people there would have been no such political revolution as followed. There is very little difference between the Payne-Aldrich bill and the duties reported in this."

As witness No. 5, I quote from the CONGRESSIONAL RECORD a distinguished Republican Senator, who was in the Senate at that time, on June 22, 1909, Senator McCumber, coauthor of the Fordney-McCumber tariff law. He said:

"The wheat acreage to-day is producing a surplus of wheat which must be thrown into the world market, thereby keeping down the price of the home product, tariff or no tariff."

And, continuing, he said:

"The only good reason for allowing products to come into this country to compete with our own is to hold down and prevent any extortionate charges being made by the producers in our own country. We want foreign competition to prevent combination."

As witness No. 6, I quote another distinguished Republican witness from the CONGRESSIONAL RECORD of June 29, 1926. The RECORD discloses that Senator Capper said:

"Unless he (the farmer) is unable to put his price up, it will not be long before he will be demanding a reduction of the protective tariff which keeps up the price of the manufactured articles he consumes. As a seller he (the farmer) must compete in world markets; as a buyer he must buy in a protected home market. As a seller he must take the world price; as a buyer he must pay the American protected price. It is absurd to assume that the farmer will long remain content at such a disadvantage. He demands adjustment."

In writing to the New York Times, Senator Capper is quoted as saying:

"When all is said and done we find that Liverpool usually decides how our farmers get for their wheat."

As witness No. 7, from the RECORD of January 25, 1926, I quote my progressive Republican friend whom I know so well and in whom I have great confidence, Congressman BROWN, of Wisconsin. On that occasion he said:

"Deflation, high freight rates, and high tariff duties are the three principal causes of the farmer's bankrupt condition to-day. Also placing a high tariff of 41 cents per bushel on wheat and other farm products that we have a surplus of and export we all know does not benefit the farmer. It was simply a pretext to give the manufacturers a chance to place the exorbitant duties upon their products."

As witness No. 8, I quote from Uncle Joe Cannon, speaking to a committee of farm-implement manufacturers in 1896:

"Why do you tell me of these things. Don't you think I know. Takes Jones, of Nevada. We gave him a tariff on borax, a tariff that trebled American prices, that he was no more entitled to than I am entitled to your watch—durn him, we had to have his vote."

As witness No. 9, I quote Secretary of Agriculture H. C. Wallace, August, 1923, as follows:

"The ruinously low price of wheat in 1923 is not a new agricultural disaster. It is just one more acute symptom of the general trouble from which agriculture is suffering. The disease itself is the distorted relationship between prices of farm products and prices of other commodities. This is not a new diagnosis. It has been pointed out from time to time for the last two and one-half years. The farmer could get along fairly well with present prices of wheat he has to sell if prices of what he must buy were down accordingly. But prices on other things remain high. That is what hurts. When all is said and done the fundamental fact remains to be dealt with. Agriculture and industry and commerce must be brought into more nearly normal relationship, and until this is done these acute agriculture troubles will develop one after another."

As witness No. 10, I quote from the Gallinger-Lodge committee. In 1910 the Republicans, through a special Senate committee, were forced to admit the fraud and deception they had practiced on the farmers by a tariff on agricultural products in their report and through their campaign textbook as follows:

"The tariff on the farmers' products, such as wheat, corn, rye, barley, cattle and other livestock, did not and could not in any way affect the prices of these products."

On this committee was Chairman Gallinger; Senators Lodge, of Massachusetts; Crawford, of South Dakota; Smoot of Utah; and

McCumber, of North Dakota. Their report on the effect of the tariff on agricultural products was unanimous.

As witness No. 11, I quote from Senator Cummins, of Iowa, on June 22, 1909, as follows, when asked in the Senate if he thought that the tariff on agricultural products helped the farmer, said:

"I do not; and it is idle for even an enthusiast to assert that the price of these products is directly affected by the tariff."

As witness No. 12, I quote from W. F. Murphy, acting chairman of the farmers' legislative committee, CONGRESSIONAL RECORD of May 12, 1926, page 9281, containing a statement of Mr. Murphy of March 17, as follows:

"I paid for that gang plow in 1914, \$60. The last price, as I recall it, on that plow was \$150. I had the alternative of either not taking the plow that I actually had to have to farm my land or paying \$90 extra price. Will you please tell me what ability I had to pass \$90 or any part of \$90 back into the system to get it back?"

As witness No. 13, I quote from H. E. Miles, chairman of the Fair Tariff League, also a Republican, CONGRESSIONAL RECORD, May 12, 1906:

"The present tariff crucifies two groups—farmers and women. Farmers by reducing the purchasing power of their products until the farmers' dollar is a 75-cent dollar, and by severely restricting their foreign markets—women by declaring everything they wear a luxury and taxing it as if its purchase was a sin. It is brutal to tax their things from 60 to 90 per cent, leaving only the rich to use beautiful things from abroad of slight initial cost and to make American retail prices sometimes five times the foreign costs."

And continuing, Mr. Miles said:

"What it means to American farmers to produce and sell on virtually a free-trade basis, to buy their requirements from profiteering manufacturers and to have their foreign market restricted is indicated in official reports that 41 per cent of all persons adjudged bankrupt in Idaho in 1922 were farmers, and that from 32 to 78 per cent of all the bankruptcies in Iowa, Nebraska, Kansas, Colorado, North Dakota, South Dakota, and Montana were farmers. The tariff picks their pockets. That is the trouble."

As witness No. 14, it gives me pleasure to quote from a friend and old schoolmate of mine whom I have known so long and well and in whose judgment and ability I have very great confidence. He is known as one of the foremost economists in the United States, Benjamin M. Anderson, a Missourian by birth, formerly professor of economics of Harvard, and now economist of the Chase National Bank in New York, in an article by him, said:

"Commodities which we produce in excess of our domestic requirements, as wheat and cotton, can not be raised in price by the tariff, and their foreign markets are injured by the reduced ability of their foreign customers to sell goods to the United States and get dollars with which to buy the goods they wish to export. A typical case where both these factors apply is agriculture."

In view of the statements of Mr. Anderson, who is a Democrat, and these distinguished Republicans it would seem that the present Republican administration should hesitate before attempting to mislead the farmers of the country in any effort to make them believe that a high protective tariff will aid them in regard to their surplus.

I hope you will listen now to the words of the Supreme Court of the United States in the Marshall case. It said:

"To lay with one hand the power of the Government on the property of the citizens and with the other to bestow it upon favored individuals to aid private enterprise and build up private fortunes is none the less robbery because it is done under the forms of law and is called taxation."

How blind must a farmer be to be unable to see that with overproduction and surplus crops the high protective tariff does him great injury in the commodities he has to purchase while it returns him on these surplus crops no benefit.

In view of the widespread depression covering the agricultural section, the farm population is entitled to some assistance. Limit of time will not permit me on this occasion to discuss all the causes of the farmers' present distress, but the chief ones are the tariff policy now in force and surplus production as compared with available markets.

If there is a genuine desire on the part of those in charge of the present Republican administration to aid the farmer to the fullest extent, an immediate step should be taken to remove the tariff, or at least a large portion of it, that is now upon the articles the farmer is using and compelled by the very nature of his business to use upon the farm.

This one act itself will not give complete relief, but it will go a long way in that direction. The Republican Party now in power in every branch of the Government can do this in less than 10 days' time if they wish to do so.

Second. The second step should be to reduce some of the tariff schedules now in force on many articles the farmer, along with the general consuming public, has to buy. This policy will not be pursued, of course, for the very real reason that the political party in charge of the administration of the Government's affairs has its ear more

attuned to the whisper of the industrial centers of the Atlantic seaboard than to the solemn but sincere voice of the people of the agricultural sections of the several States.

This reduction could be made without destroying or reducing a protective policy to the point of unjust injury to any legitimate industry.

Legislation destructive of legitimate industry, of course, should not be indulged in, and it is equally true that the Government should not through any political party or management allow the pockets of the many to be picked and plundered for the benefit of the few.

In conclusion may we say that the Republican Party, in complete control and in full authority, has the power to pass or refuse the passage of any law.

In view of such a situation, I am sure many of you are in accord with me in expressing the hope and desire that eventually the farmer will not be left with only the assurance that such legislation as has been given by the party in power is only a "noble experiment."

EXTENSION OF REMARKS—FARM RELIEF

Mr. O'CONNOR of Louisiana. Mr. Speaker, the fellow that said he made his money by buying straw hats in the winter-time expressed the underlying fundamental basis of all political economy and sounded the depths of the philosophy of success. He spoke, according to a colored preacher, a mouthful. Everything else that has been said on the subject in all of its ramifications is "that elaboration which is a supererogation." Another fellow once remarked that the South was a condensed-milk country with cows running wild. By way of getting diversification into the minds of the obstinate, this is a knock-out observation. Another fellow said the South was prostrated not so much by the Civil War as by the slogan "Cotton is king." That high-sounding, sonorous declaration made every cotton planter feel that he was an aristocrat and that it was far beneath his dignity to raise a hog, a chicken, or a cow. And right here we may as well remember that an aristocrat is a rich Democrat, and a Democrat is a poor aristocrat.

Some slogans are dangerous if not destructive. Some are more destructive than billions of tons of dynamite. The chief value of this bill is that it will promote organization among the farmers which will become a national asset in time of peace and war, particularly during the latter period. No marketing and distribution system is worthy of the name that is not based on thorough organization. That organization will work most effectively when our transportation system is coordinated, consolidated, unified, so that its tremendous benefits will result expeditiously and economically. Listen to a "voice from the bleachers." Notwithstanding pious declarations, pulpit utterances, tear-stained stanzas, and sentimental throbbings, war has not been effaced from the face of this earth. The world conditions that make for war are far more menacing to-day than they were at any time prior to August 1, 1914, when some one started to set the world on fire and almost succeeded in doing so. It does not require a surgical operation on any cranium deserving of the compliment to show him that we did not grow into the giant stature we have attained in any other manner than by the mailed fist.

The Indian, the Negro, and the Mexican are exhibits of the march to continental greatness. Harsh! Of course it is, but you may read sacred and profane history and if you find any national growth except through the law and power of force, then proclaim it to the world and we will all fall down and worship you as a *rara avis*, or in the simple eloquence of Broadway, a rare bird. In other words we ought to be prepared industrially, commercially, agriculturally, militarily, and navally, the last two preparations not being the least important. And a unified transportation system is essential to their existence and one without which agriculture will sicken and die no matter how much medicine you give it, governmental or otherwise. Let us pass this bill without the Trojan horse entry called debenture. Of course the agitator who lives as a lobbyist wants to muddy the waters. He does not want farm or any other kind of legislation. He wants agitation. This does not go for any Congressman. It is meant as a kick against the pestiferous propagandists and infernal lobbyists who fill Washington and themselves. What is the Biblical phrase "Where the carcas is found there will the vultures be gathered"?

Indispensably ancillary to this bill is the necessity for flood control and waterway development. I do not think I have to go into details or offer proof. We have passed that stage. But we must press for the perfection of a flood-control policy which will provide for reservoirs. They will give you the ideal system—one that will make for power that will furnish heat, light, energy to every house and plant within a hundred miles of the banks of the river, make for a full navigable stream throughout the year and prevent through storage areas the floods which

are now such a national loss and menace. Some time since I expressed myself on this subject and as that paper, so satisfactorily to myself, expressed my cogitations, ruminations, reflections, and so forth, on the subject I am going to reproduce them here. The day is not so far off when we will have the complete national defense that we need—a prosperous agricultural population, a wonderful waterway system that will be a part of our transportation consolidation, including the barge line, which has received a tremendous propulsion as a result of the decision rendered on April 22 by the Interstate Commerce Commission ordering railroads connecting with barge lines to establish joint rates and through routes. Soon there will be many barge lines.

Within the next 20 years this dream will be a reality. New Orleans, on the banks of the Mississippi River, will be at the crossroads, as it were, of a commerce moving east and west upon this great system of waterways that will carry a merchandise so vast as to be unimaginable. That great and flourishing city now is destined by sheer force of its geographical position to become one of the greatest cities and trade marts of the world. Flood control is assured, and that means a rainbow to the storms of life, the evening beams that will smile the clouds away to the people of that fertile section known as the alluvial valley of the Mississippi. The flood control bill or act will always be regarded as one of the great achievements of the administration of Mr. Coolidge. It is a great, constructive legislative program.

In the magnitude of the operations that will be conducted under and in conformity with this program even the construction of the Panama Canal must take second place. But the people of the Mississippi Valley must not be misled or deluded into the thought that their work in the way of solving the Mississippi problem is at an end. As long as rain and snow fall from above us on the places beneath between the Alleghenies and the Rocky Mountains and from far over the Canadian boundary line shall we have, in the springtime particularly, great volumes of water seeking in accordance with the law that governs them the lowest spots and terrain in the journey to the Gulf of Mexico and out into the Atlantic Ocean. The lowest spot is a great stretch, winding its way tortuously, so that at times it looks like a coil within a coil and sometimes like a great spiral, horizontally moving on to its ultimate destination. That is the Mississippi River and all of the rivers that flow into it from east to west and are called its tributaries. In the House caucus room there was exposed by the Committee on Flood Control during its many notable hearings in a great effort to solve the problem a skeleton of the Father of Waters and its many attendants. It attracted great attention because it focused the mind at once upon the vastness of the territory drained by this wonderful system, and at once the thought sprang into the mind of the beholder, Why is it that these rivers, traversing the heart of the continent, are not so cared for that they would make for the support of the greatest water transportation fleet that the world has ever known? That query will not down. Like Banquo's ghost, it will not down. It will be asked by generation after generation of Americans until the affirmative, satisfying answer is given—a complete, navigable waterway covering this tremendous reach of territory, upon which will float myriads of vessels, barges, rafts, and towboats that will carry to and fro the commerce of the multitude of people that will increase the already large population found upon the farms and in the cities of the valley.

Mr. Speaker, vast as our imports and exports are they are relatively but a small part of our total commerce, foreign and domestic. And while that foreign commerce is greatly to be wished and much to be cared for, still if the necessities of some tremendous requirements demanded it we could live within ourselves and bid defiance to the rest of the world. Should we ever be pushed to it from any threat from beyond the Atlantic or the Pacific we could, with a waterway system properly developed to meet the great demands that would be made upon it, so arrange our lines, without any great economic disturbance, to live among ourselves. Our domestic commerce would maintain the Republic, financially, commercially, and socially until troubled nights of danger were over. For that domestic commerce, great as it is to-day, may be doubled, trebled, and quadrupled within the next 10 years. For, Mr. Speaker, our civilization will not have justified itself until every home in America, and throughout the world for that matter, is a home in the finest and noblest sense of the word, a home with sufficient rooms to make for that home life which is essential to the life of America. Every home should have a bathroom, be lighted by electricity for heating and cooking purposes. Our waterfalls throughout the country will some day be utilized to make for that power which will transmit electric energy to

every household in the Republic. Upon the walls should be pictures that will ennoble the thought of the boys and girls in that home. Every parlor should be ornamented with statuary to stimulate the imagination of children to do noble things. There should be rugs and carpets upon the floor. There should be musical instruments; and upon every table there should be an abundance of foodstuffs so as to make for a great, healthy, vigorous America. It should be a land flowing with milk and honey so that its citizenry, men and women, will be willing to fight for it as a land that they will have an even better cause than now to love for the great blessings that will spring from its life.

The point I wish to make is that our domestic commerce is yet in its infancy and that its proper promotion, particularly in the way of encouraging finer homes, will make for a demand upon our factories that will keep their wheels revolving and humming, making sweetest music to the ears of a vast number of employees who will be happy in the good wages they will receive and the fact that they are adding to the pleasures of their countrymen by the generous output from their mills. This will make for enormous commerce, and I make the prediction, Mr. Speaker, that as a result of the operations of the Inland Waterways Corporation that the day is not far distant when railroads as the major factor in our transportation system will as a result of sheer economic necessity go into the operation of great barges, flats, and towboats as a part of their transportation machinery. It would not be surprising if in the course of years our whole transportation system were not so changed as to be almost unthinkable from what it is to-day. Many bold thinkers already envision a future in which railroads will run at right angles to all of our great rivers and in this altered plan the highways will be made to render a service so as to make for the greatest low-cost transportation system obtainable. The Republic will be driven to this by economic law and as a result of a laudable ambition to remain in the vanguard of the civilization of the present time—

Do well thy work—it shall succeed,
In thine or in another's day,
And thou that lack the victor's need,
Thou shalt not want the toiler's pay—

is the stirring thought that has been in the minds of Americans from colonial times, a thought which acted upon has brought us to the wonderful place we have reached. But I say we are still at sunrise. Noon is far away, and we will go on toiling unremittingly so that our children's children will enjoy the fruits of our labors and work for the tremendously brilliant future that lies ahead of them. Yes, Mr. Speaker, the signing of the flood control bill is a great day, but we must not forget that it is an authorization bill, and that under the provisions of another law, that creating the Bureau of the Budget, the Chief of Engineers will submit estimates from year to year for the work that will have to be done and that the Committee on Appropriations will write appropriation bills in accordance with the recommendations of the bureau. We must not forget that this is a world of change, congressionally as well as otherwise, and that there may be attempts made to so amend this great bill as to render its provisions nugatory. We must as watchmen upon the towers be ever upon the alert to not only prevent its emasculation but to improve it so as to make for that waterway system that has been in the minds not of dreamers but of statesmen like Herbert Hoover.

The inland waterway bill does not make for the Government going into business. It is a great experiment, which its proponents know will last as an experiment only for a few years, when it will undergo a change of hands as a result of its successful operation and private enterprise will pay handsomely for its then equipment. Great credit is due to the men who have advocated the operation of this line from the Twin Cities down to New Orleans and thence over to Mobile and Birmingham. They have planted a tree which will bear golden fruit.

The territory pictured by me of the Mississippi Valley comprises two-thirds of the total national area. It domiciles over half of the entire population. Its contributions to the national wealth are 68 per cent of exportable products, 52 per cent of manufactures, and 70 per cent of agricultural products of the Nation.

In this territory is contained the industrial center of the Nation, at the foot of Lake Michigan; the agricultural center, near the confluence of the Mississippi and Illinois Rivers; and the center of population in southwestern Indiana, close to the Illinois line.

For this chief wealth-producing section of the United States and of the world the natural arteries of transportation are the

Great Lakes and the Mississippi-Illinois-Ohio River systems, flowing into the Gulf of Mexico.

The Federal Government has spent nearly \$430,000,000 on waterways in the Mississippi Basin. Of this, over \$100,000,000 were appropriated to the development of the Mississippi from its mouth to the Ohio and about one hundred million more to the improvement of the Ohio and its immediate confluence. As a result of this national effort the Mississippi is navigable by barge of 9-foot draught from Cairo to the Gulf and the Ohio from the industrial centers of western Pennsylvania to its confluence with the Mississippi.

At an expenditure of \$60,000,000 the people of the Sanitary District of Chicago have dredged and improved the northern link of the Illinois-Mississippi waterway from Chicago to Joliet. The State of Illinois, at the cost of \$20,000,000 more, has partly completed and has under construction the continuing link from Joliet to Utica.

In the heart of this system of waterways—a clot, blocking off the circulation of lake traffic from the rivers to the south and east—is the undredged section of the Illinois-Mississippi Rivers from Utica to Cairo. The opening of this artery involves the expenditure by the National Government of less than \$5,000,000, plus an undetermined sum of perhaps \$25,000,000 for compensating works to maintain and restore lake levels. The improvement itself consists of deepening to 9 feet the two rivers between Utica and Cairo, removing four locks and dams in the Illinois, and assuring a constant and adequate flow of water from Lake Michigan into the Mississippi.

Adequate navigation of the Mississippi from St. Louis and of the Ohio-Mississippi from Pittsburgh to the Gulf and the Great Lakes is dependent upon the construction of this link.

The Government has appropriated approximately \$40,000,000 for deepening the Missouri from Kansas City to St. Louis and the Mississippi from Minneapolis to the latter metropolis. The project will change the present 3½-foot depth to one of 6 feet.

Total Federal appropriations for the improvement of coastwise harbors aggregate more than \$500,000,000. The cost of the Panama Canal was nearly \$400,000,000. These expenditures were borne by all of the people, yet because of the undeveloped link in the Lakes to Gulf waterway, agriculture and industry in this great central empire are withheld from their full share in the benefits of these improvements, and the shippers of this section are forced to compete disadvantageously with those of the eastern centers.

An illustration of this inequality is in the fact that machinery can be shipped from points in the Middle West by rail to the eastern seaboard, thence by water through the Panama Canal to Pacific ports, more cheaply than it can be sent by rail direct from the point of manufacture to its western destination.

About 7,000,000 tons of cargo passed through the Panama Canal in 1919; in 1924 this tonnage had increased to between 27,000,000 and 30,000,000. The Ohio-Monongahela-Allegheny Rivers system carried about 38,000,000 tons in 1923. The Mississippi-Warrior Rivers service, under adverse conditions, in the first years of operation transported 4,000,000 tons of freight. In about this same period one railroad operating between Chicago and the Gulf increased its freight tonnage from 38,000,000 to over 55,000,000.

In the immediate territory traversed by the projected Illinois-Mississippi improvement 25,000,000 tons of freight a year are immediately available for the waterway, which will have an annual capacity of 60,000,000 tons.

The city of Chicago alone uses annually about 38,000,000 tons of coal, with consumption increasing at the rate of 1,000,000 tons a year. Over half of this coal is mined in southern Illinois, within one day's motor-truck haul of the Illinois River. The construction of the Illinois-Mississippi deep waterway will lower the cost of this coal in the Chicago district by about \$1 a ton, with a commensurate reduction in the cost of coal shipped by this 9-foot channel to such lake cities as Milwaukee, Duluth, Superior, and Detroit. As another indicant of the tonnage available for shipment by this waterway, 200,000,000 bushels of grain are raised yearly in Illinois within hauling distance of the river.

Every congressional district in the States of South Dakota, Minnesota, Illinois, Wisconsin, Indiana, Michigan, Iowa, Nebraska, Ohio, and Missouri utilized the Mississippi barge line during its first five years of operation. The water rates being 20 per cent lower than corresponding rail rates, this barge line saved for shippers directly \$3,392,000 and indirectly an indeterminate sum through reduction in the rates of competing railroads.

The industrial and agricultural centers of the Allegheny watershed and of the South can be linked by water routes with the Great Lakes only by the construction of the deep waterway between Utica and Cairo.

Over half of the Nation's population can secure the full benefits of the Panama Canal investment only through this construction.

The Federal Government, by the small expenditure involved, can enhance immeasurably the value of the \$550,000,000 investment in Mississippi Basin waterways, and can give to all of the people of the United States the most comprehensive system of water transportation in the world.

The matter is in the hands of the National Congress, and Congress will answer patriotically with the vision of statesmen. Millions will silently think, "Well done, thou good and faithful servant."

There remains but one task to be accomplished, and that will soon be finished when the rivers and harbors bill now pending in the House will be enacted into law. For that bill carries in its provisions a proposed survey of the industrial canal which in the lower part of the city of New Orleans connects the Mississippi River and Lake Pontchartrain with a view of determining the advisability of remunerating the local interests for the expenditures made in the construction of that great canal which is a sine qua non to the great waterway system and transportation agency that will build up a commerce so huge as to defy the efforts of the statisticians to approximate it in their prognostications. Only the one that has the faith in him can see the numberless towns and cities yet unborn that are to adorn the banks of this immense waterway—cities and towns that will promote the welfare of our country and bring happiness to millions who will find unending employment in the incalculable commerce that will move over an inland route from Boston to the Rio Grande. Not only will this make for the development of a commerce that will pale into insignificance all of the argosies dreamed of in the past, but will make for a military defense that has been urged by Secretaries of War and Commerce for many years past in every succeeding administration since the Civil War.

Mr. Speaker, when the United States sprang into existence in 1789 as a result of the Great Constitutional Convention that gave birth to that wonderful federation, no one believed that in the incredibly short period of 140 years that the United States would be composed of 48 great Commonwealths and would reach from the Canadian line down to the Gulf of Mexico. It was then only 13 States or Colonies straggling along the Atlantic coast.

No dreamer was fantastic enough to look into the future and tell the world that he beheld a dream so dazzling as the imperial civilization that is our boast and our glory of to-day. Stand before a map of our country and look. See it as it rolls under your gaze from the Atlantic to the Pacific. Ponder over the trials and tribulations of the American pioneers as they marched westward, settling around the Great Lakes, and then over the Mississippi and across the Louisiana Purchase, which became their own in 1803, and across the Rockies to the shores of the Pacific Ocean, either through the Oregon Territory, the American title to which was established in 1846, or by way of the empire ceded to us by Mexico in 1848, and you will realize that performance has outgrown any promise that might have been made when the Constitution of our country was adopted. Gaze at that map and see the Lone Star State, with a territory as great as that of the Republic of Germany. Look down and see Alaska at the bottom of the map, whose mountains and lakes defy the brush of the painter or the tongue of the poet to describe. Glance at the Philippines, queen of the eastern seas, fairest of all Edens, with Samoa, Hawaii, Porto Rico, the Virgin Islands, the Canal Zone, and drink in the thought that Old Glory, the flag of our country, waves under the icy gale and beneath the northern lights as proudly as it floats under the balmy breezes and the soft and glorious radiance of the southern cross.

Mr. Speaker, we who have fought the good fight for inland and coastal waterways are not mere dreamers. We have grown old witnessing many marvelous accomplishments by our country. One great conquest after another has been her proud achievement. We who are looking westward see a greater destiny ahead than the wonderful civilization that blesses us to-day. The sunset of life gives us mystical lore and coming events cast their shadows before. Boston to the Rio Grande, with New Orleans at the crossroads, means for the greater glory of our country in peace times and a means of national defense in times of war, which I hope will never come again to curse the world with its horrors, atrocities, and crucifixions.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to Mr. SPROUL of Illinois (at the request of Mr. BUCKBEE), indefinitely, on account of the death of his daughter.

ADJOURNMENT

Mr. HAUGEN. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 7 minutes p. m.) the House adjourned until tomorrow, Tuesday, April 23, 1929, at 12 o'clock noon.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of Rule XXII, public bills and resolutions were introduced and severally referred to, as follows:

By Mr. BACHMANN: A bill (H. R. 1640) to authorize an appropriation to provide a hospital, domiciliary, and out-patient dispensary facilities in the State of West Virginia for persons entitled to hospitalization under the World War veterans' act, 1924, as amended, and for other purposes; to the Committee on World War Veterans' Legislation.

By Mr. FREAR: A bill (H. R. 1641) to amend paragraph 501 of Schedule 5 of an act entitled "An act to provide revenue and regulate commerce with foreign countries and encourage the industries of the United States, and for other purposes," approved September 21, 1922; to the Committee on Ways and Means.

By Mr. WELCH of California: A bill (H. R. 1642) to place assayers in the classified civil service, and for other purposes; to the Committee on the Civil Service.

Also, a bill (H. R. 1643) to promote labor and industry in the United States by expanding in the foreign field the service now rendered by the United States Department of Labor in acquiring and diffusing useful information regarding labor and industry, and for other purposes; to the Committee on Labor.

Also, a bill (H. R. 1644) relating to the induction of registrants who applied and were accepted for induction and assigned to educational institutions for special and technical training under the provisions of the act approved August 31, 1918, but whose induction without fault of their own was not completed; to the Committee on Military Affairs.

Also, a bill (H. R. 1645) adding a new section to the La Follette Act of March 4, 1915, chapter 153, to be known as section 14a, providing side ladders for vessels and a penalty for failure to carry equipment; to the Committee on the Merchant Marine and Fisheries.

Also, a bill (H. R. 1646) to amend a section of the act entitled "An act for the retirement of employees in the classified civil service, and for other purposes," approved May 22, 1920, and acts in amendment thereof; to the Committee on the Civil Service.

Also, a bill (H. R. 1647) to amend an act entitled "An act reclassifying the salaries of postmasters and employees of the Postal Service, readjusting their salaries and compensation on an equitable basis, increasing postal rates, to provide for such readjustment, and for other purposes," approved February 28, 1925; to the Committee on the Post Office and Post Roads.

By Mr. HAWLEY: A bill (H. R. 1648) to amend section 5 of the second Liberty bond act as amended; to the Committee on Ways and Means.

By Mr. CELLER: A bill (H. R. 1649) to amend the bankruptcy law; to the Committee on the Judiciary.

Also, a bill (H. R. 1650) to amend section 283 of the Judicial Code, same being section 420, title 28, of the Code of Laws of the United States of America, in force December 6, 1926; to the Committee on the Judiciary.

Also, a bill (H. R. 1651) to amend section 2169 of the Revised Statutes, as amended, in respect of the definition of a white person; to the Committee on Immigration and Naturalization.

Also, a bill (H. R. 1652) to prevent obstruction and burdens upon interstate trade and commerce in copyrighted motion-picture films, and to prevent the restraint upon the free competition in the production, distribution, and exhibition of copyrighted motion-picture films, and to prevent the further monopolization of the business of producing, distributing, and exhibiting copyrighted motion pictures, by prohibiting blind booking and block booking of copyrighted motion-picture films and by prohibiting the arbitrary allocation of such films by distributors to theaters in which they or other distributors have an interest, direct or indirect, and by prohibiting the arbitrary refusal to book or sell such films to exhibitors in which they have no such interest; to the Committee on Interstate and Foreign Commerce.

Also, a bill (H. R. 1653) to remit the duty on a carillon of bells which was imported for the Church of Good Counsel, Borough of Brooklyn, State of New York; to the Committee on Ways and Means.

Also, a bill (H. R. 1654) repealing the act of July 31, 1912, prohibiting the importation and the interstate transportation

of films or other pictorial representations of prize fights, and for other purposes; to the Committee on Interstate and Foreign Commerce.

Also, a bill (H. R. 1655) to create a negro industrial commission; to the Committee on the Judiciary.

Also, a bill (H. R. 1656) to authorize the Secretary of War and the Secretary of the Navy to furnish a firing squad to fire the customary salute for any ex-service man; to the Committee on Military Affairs.

Also, a bill (H. R. 1657) to establish a fish-cultural station on Long Island Sound at Montauk Point; to the Committee on the Merchant Marine and Fisheries.

By Mr. MANLOVE: A bill (H. R. 1658) regulating the payment of pensions to guardians; to the Committee on Pensions.

By Mr. ENGLEBRIGHT: A bill (H. R. 1659) providing for the necessary surveys, studies, investigations, and engineering of the southern Lassen reclamation project in Lassen County, Calif., and for other purposes; to the Committee on Irrigation and Reclamation.

Also, a bill (H. R. 1660) to authorize the payment of three months' pay to certain clerical assistants in the legislative branch of the Government; to the Committee on Accounts.

Also, a bill (H. R. 1661) for the inclusion of certain lands in the Lassen National Forest, Calif., and for other purposes; to the Committee on the Public Lands.

Also, a bill (H. R. 1662) making the 9th day of September of each year a holiday for Federal employees in the State of California; to the Committee on Expenditures in the Executive Departments.

By Mr. FISH: A bill (H. R. 1663) to designate a building site for the National Conservatory of Music of America, and for other purposes; to the Committee on Education.

By Mr. HUGHES: A bill (H. R. 1664) to authorize the erection of a Veteran's Bureau hospital in the State of West Virginia; to the Committee on World War Veterans' Legislation.

By Mr. JAMES: A bill (H. R. 1665) to authorize appropriations for construction at military posts, and for other purposes; to the Committee on Military Affairs.

By Mr. KADING: A bill (H. R. 1666) to amend the national prohibition act; to the Committee on the Judiciary.

By Mr. KNUTSON: A bill (H. R. 1667) authorizing the disposition of certain lands in Minnesota; to the Committee on the Public Lands.

Also, a bill (H. R. 1668) to authorize the Secretary of the Interior to determine the value of services and expenses of delegates and representatives of the Chippewa Indians in the State of Minnesota sent to Washington, D. C., by said Indians, and to certify the amount to the Secretary of the Treasury for the purpose of making settlement therefor; to the Committee on Indian Affairs.

Also, a bill (H. R. 1669) authorizing the Pillager Bands of Chippewa Indians, residing in the State of Minnesota, to submit claims to the Court of Claims; to the Committee on Indian Affairs.

Also, a bill (H. R. 1670) to provide for more expeditious settlement of money claims against the United States, and for other purposes; to the Committee on the Judiciary.

Also, a bill (H. R. 1671) to authorize an investigation of the annuity or membership rolls of the Chippewa Indians in the State of Minnesota for the purpose of purifying said rolls; to the Committee on Indian Affairs.

Also, a bill (H. R. 1672) prohibiting the use of the word "Army" or "Navy," or both, in the name of a store or company engaged in mercantile business; to the Committee on the Judiciary.

Also, a bill (H. R. 1673) to extend the benefits of certain pension laws to the officers, sailors, and marines on board the U. S. S. *Maine* when that vessel was wrecked in the harbor of Habana February 15, 1898, and to their widows and dependent relatives; to the Committee on Pensions.

Also, a bill (H. R. 1674) to amend the World War veterans' act, as amended; to the Committee on World War Veterans' Legislation.

Also, a bill (H. R. 1675) to repeal the act entitled "An act to prohibit the importation and the interstate transportation of films or other pictorial representations of prize fights, and for other purposes"; to the Committee on Interstate and Foreign Commerce.

By Mr. EDWARDS: A bill (H. R. 1676) providing for the issuance of a special postage stamp in connection with the national celebration to be held at Savannah, Ga., October 11, 1929, in commemoration of the one hundred and fiftieth anniversary of the death of Brig. Gen. Casimir Pulaski; to the Committee on the Post Office and Post Roads.

By Mr. WHITTINGTON: A bill (H. R. 1677) to authorize the creation of organized rural communities to demonstrate the benefits of planned settlement and supervised rural development; to the Committee on Irrigation and Reclamation.

By Mr. WOLVERTON of West Virginia: A bill (H. R. 1678) to authorize the erection of a United States veterans' hospital in the State of West Virginia and to authorize an appropriation therefor; to the Committee on World War Veterans' Legislation.

By Mr. CELLER: Joint resolution (H. J. Res. 45) establishing a peace college; to the Committee on Foreign Affairs.

Also, joint resolution (H. J. Res. 46) providing for the renunciation of war as an instrument of national policy and the settlement of international disputes by arbitration or conciliation; to the Committee on Foreign Affairs.

Also, joint resolution (H. J. Res. 47) proposing the adoption of the Star-Spangled Banner as the national anthem; to the Committee on the Judiciary.

By Mr. HILL of Alabama: Joint resolution (H. J. Res. 48) to authorize an appropriation for the relief of the State of Alabama on account of roads and bridges damaged or destroyed by the recent floods; to the Committee on Roads.

MEMORIALS

Under clause 3 of Rule XXII, memorials were presented and referred as follows:

Memorial of the State Legislature of the State of Wisconsin, memorializing Congress of the United States to promptly enact legislation for agriculture relief; to the Committee on Ways and Means.

Memorial of the State Legislature of the State of Colorado, memorializing Congress of the United States to enact legislation to establish a protective tariff on the metals, silver, lead, tungsten, and zinc; to the Committee on Ways and Means.

By Mr. EATON of Colorado: Memorial of the State Legislature of the State of Colorado, urging Congress of the United States to enact legislation to establish a protective tariff on silver, lead, tungsten, and zinc; to the Committee on Ways and Means.

By Mr. ROBINSON of Iowa: Memorial of the State Legislature of the State of Iowa, urging Congress of the United States for the enlargement of hospital facilities at Knoxville, Iowa, for the veterans' hospital at that place; to the Committee on World War Veterans' Legislation.

By Mr. KADING: Memorial of the State Legislature of the State of Wisconsin, urging Congress of the United States to promptly enact legislation for agriculture relief; to the Committee on Ways and Means.

By Mr. LAMPERT: Memorial of the State Legislature of the State of Wisconsin, urging Congress of the United States to promptly enact legislation for agriculture relief; to the Committee on Ways and Means.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of Rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BACON: A bill (H. R. 1679) for the relief of David Myerle, as executor of the last will and testament of Phineas Burgess, deceased; to the Committee on Claims.

By Mr. BAIRD: A bill (H. R. 1680) granting a pension to Nehemiah D. Minkler; to the Committee on Invalid Pensions.

By Mr. BEEDY: A bill (H. R. 1681) granting an increase of pension to Mary A. Clark; to the Committee on Invalid Pensions.

By Mr. BEERS: A bill (H. R. 1682) granting a pension to Lucy A. Spencer; to the Committee on Invalid Pensions.

Also, a bill (H. R. 1683) granting an increase of pension to Jennie A. Work; to the Committee on Invalid Pensions.

By Mr. BRAND of Ohio: A bill (H. R. 1684) granting a pension to Prudence Simpson; to the Committee on Pensions.

Also, a bill (H. R. 1685) granting an increase of pension to Eliza J. McCoy; to the Committee on Invalid Pensions.

Also, a bill (H. R. 1686) granting an increase of pension to Gertrude M. Wilkerson; to the Committee on Invalid Pensions.

By Mr. BUCKBEE: A bill (H. R. 1687) granting a pension to Addie Daniels; to the Committee on Invalid Pensions.

By Mr. BURDICK: A bill (H. R. 1688) granting an increase of pension to Mary J. Pierce; to the Committee on Invalid Pensions.

Also, a bill (H. R. 1689) granting an increase of pension to Sarah E. Bullock; to the Committee on Invalid Pensions.

Also, a bill (H. R. 1690) granting an increase of pension to Ellen M. Chace; to the Committee on Invalid Pensions.

Also, a bill (H. R. 1691) granting an increase of pension to Mary J. Landry; to the Committee on Invalid Pensions.

Also, a bill (H. R. 1692) granting a pension to Emma M. Homan; to the Committee on Invalid Pensions.

Also, a bill (H. R. 1693) to reimburse Dr. Philip Suriani; to the Committee on War Claims.

Also, a bill (H. R. 1694) providing for the examination and survey of the entrance to Great Salt Pond, Block Island, R. I.; to the Committee on Rivers and Harbors.

Also, a bill (H. R. 1695) providing for the examination and survey of the East Harbor, Block Island, R. I.; to the Committee on Rivers and Harbors.

Also, a bill (H. R. 1696) for the relief of Lieut. Timothy J. Mulcahy, Supply Corps, United States Navy; to the Committee on Claims.

Also, a bill (H. R. 1697) granting relief to the widow of Albert F. Smith; to the Committee on Military Affairs.

By Mr. CELLER: A bill (H. R. 1698) for the relief of Max Hartenstein; to the Committee on Claims.

Also, a bill (H. R. 1699) for the relief of Theresa M. Shea; to the Committee on Claims.

Also, a bill (H. R. 1700) for the relief of the estate of Alvin C. Laupheimer; to the Committee on Claims.

Also, a bill (H. R. 1701) for the relief of Jay Jones; to the Committee on Claims.

Also, a bill (H. R. 1702) for the relief of Margaret B. Knapp; to the Committee on Claims.

Also, a bill (H. R. 1703) for the relief of Leon Schulman; to the Committee on Claims.

Also, a bill (H. R. 1704) for the relief of the heirs of Harris Smith; to the Committee on Claims.

Also, a bill (H. R. 1705) for the relief of Marcus G. Goldstein; to the Committee on Claims.

Also, a bill (H. R. 1706) for the relief of James E. Westcott; to the Committee on Military Affairs.

Also, a bill (H. R. 1707) for the relief of Herman Lincoln Chatkoff; to the Committee on Military Affairs.

Also, a bill (H. R. 1708) for the relief of Benjamin Stern, and Melville A. Stern and Benjamin Stern, as executors under the last will and testament of Louis Stern, deceased, and Arthur H. Hahlo, as executor under the last will and testament of Isaac Stern, deceased, all of New York City, N. Y., for compensation and in settlement of their damages and loss sustained by virtue of a lease, in writing, dated September 12, 1919, between the said parties and the United States of America, by Daniel C. Roper, Commissioner of Internal Revenue; to the Committee on Claims.

Also, a bill (H. R. 1709) for the relief of Hedwig Grassman Stehn; to the Committee on Claims.

Also, a bill (H. R. 1710) for the relief of Franklin L. Hamm; to the Committee on Claims.

Also, a bill (H. R. 1711) granting a pension to Margaret Drinen; to the Committee on Pensions.

Also, a bill (H. R. 1712) for the relief of the heirs of Jacob Gussin; to the Committee on Claims.

By Mr. EDWARDS: A bill (H. R. 1713) granting an increase of pension to Frank B. Torlay; to the Committee on Pensions.

By Mr. ENGLEBRIGHT: A bill (H. R. 1714) granting a pension to Olive B. Barnes; to the Committee on Invalid Pensions.

Also, a bill (H. R. 1715) granting a pension to Charles H. P. Tugwood; to the Committee on Pensions.

Also, a bill (H. R. 1716) for the relief of J. A. Perry; to the Committee on Claims.

Also, a bill (H. R. 1717) for the relief of F. G. Baum; to the Committee on Claims.

Also, a bill (H. R. 1718) for the relief of Milton S. Merrill; to the Committee on Claims.

Also, a bill (H. R. 1719) for the relief of Louis E. Wickes; to the Committee on Claims.

Also, a bill (H. R. 1720) for the relief of Andrew M. Dunlop; to the Committee on Claims.

Also, a bill (H. R. 1721) for the relief of Charles Davis; to the Committee on Military Affairs.

Also, a bill (H. R. 1722) to correct the military record of William Estes; to the Committee on Military Affairs.

Also, a bill (H. R. 1723) to renew and extend certain letters patent to Frank White; to the Committee on Patents.

By Mr. EVANS of Montana: A bill (H. R. 1724) for the relief of Margaret Lemley; to the Committee on Claims.

Also, a bill (H. R. 1725) for the relief of Grantville W. Hickey; to the Committee on Military Affairs.

Also, a bill (H. R. 1726) granting an increase of pension to Edward L. Schniedemann; to the Committee on Pensions.

By Mr. FISH: A bill (H. R. 1727) granting an increase of pension to Sarah E. Campbell; to the Committee on Invalid Pensions.

Also, a bill (H. R. 1728) granting an increase of pension to Mary J. Coddington; to the Committee on Invalid Pensions.

Also, a bill (H. R. 1729) granting an increase of pension to Maria A. Finnegan; to the Committee on Invalid Pensions.

Also, a bill (H. R. 1730) granting an increase of pension to Alice A. Bennett; to the Committee on Invalid Pensions.

Also, a bill (H. R. 1731) for the relief of Nicholas Amoroso; to the Committee on Claims.

Also, a bill (H. R. 1732) for the relief of Noble M. Cornish; to the Committee on Military Affairs.

Also, a bill (H. R. 1733) granting an increase of pension to Mary L. Stock; to the Committee on Invalid Pensions.

Also, a bill (H. R. 1734) granting an increase of pension to Mary E. Clark; to the Committee on Invalid Pensions.

Also, a bill (H. R. 1735) granting an increase of pension to Eliza K. D. Mann; to the Committee on Invalid Pensions.

Also, a bill (H. R. 1736) granting an increase of pension to Fannie C. Percival; to the Committee on Invalid Pensions.

Also, a bill (H. R. 1737) granting an increase of pension to Margaret F. Kane; to the Committee on Invalid Pensions.

Also, a bill (H. R. 1738) granting an increase of pension to Charlotte A. Albin; to the Committee on Invalid Pensions.

By Mr. FREE: A bill (H. R. 1739) for the relief of J. A. Miller; to the Committee on Claims.

By Mr. GIBSON: A bill (H. R. 1740) granting a pension to Fannie E. Hall; to the Committee on Invalid Pensions.

By Mr. HOGG: A bill (H. R. 1741) granting an increase of pension to Anna M. Smurr; to the Committee on Invalid Pensions.

Also, a bill (H. R. 1742) granting an increase of pension to Mary Kariger; to the Committee on Invalid Pensions.

By Mr. HOPKINS: A bill (H. R. 1743) granting a pension to Mary Susan Taylor; to the Committee on Invalid Pensions.

By Mr. HUGHES: A bill (H. R. 1744) granting a pension to Charles Adkins; to the Committee on Pensions.

By Mr. JOHNSON of Indiana: A bill (H. R. 1745) for the relief of Charles C. Webster; to the Committee on Claims.

By Mr. KADING: A bill (H. R. 1746) granting an increase of pension to Harriet Comfort; to the Committee on Invalid Pensions.

Also, a bill (H. R. 1747) granting a pension to John M. Chambers; to the Committee on Invalid Pensions.

Also, a bill (H. R. 1748) granting an increase of pension to Emma C. Wiese; to the Committee on Pensions.

Also, a bill (H. R. 1749) providing for the examination and survey of the Fox River and connecting waters from Green Bay, Wis., to Portage; the Portage Canal; and the Wisconsin River; to the Committee on Rivers and Harbors.

By Mrs. KAHN: A bill (H. R. 1750) for the relief of the McGilvray-Raymond Granite Co.; to the Committee on Claims.

Also, a bill (H. R. 1751) for the relief of Robert M. Eaches; to the Committee on Naval Affairs.

Also, a bill (H. R. 1752) for the relief of the Shipowners & Merchants' Tugboat Co., of San Francisco, Calif.; to the Committee on Claims.

By Mr. KELLY: A bill (H. R. 1753) granting a pension to Ida L. Updegraff; to the Committee on Invalid Pensions.

Also, a bill (H. R. 1754) granting a pension to Maggie Rachael Wilt; to the Committee on Invalid Pensions.

Also, a bill (H. R. 1755) granting a pension to William B. Kuhn; to the Committee on Pensions.

Also, a bill (H. R. 1756) granting a pension to M. R. Smith; to the Committee on Pensions.

Also, a bill (H. R. 1757) granting a pension to James H. Riffle; to the Committee on Pensions.

Also, a bill (H. R. 1758) granting an increase of pension to Mary C. Reed; to the Committee on Invalid Pensions.

Also, a bill (H. R. 1759) for the relief of Laura A. DePodesta; to the Committee on Claims.

Also, a bill (H. R. 1760) for the relief of Walter A. Zinkham; to the Committee on Claims.

Also, a bill (H. R. 1761) for the relief of John L. Friel; to the Committee on Claims.

Also, a bill (H. R. 1762) for the relief of Michael Ferry; to the Committee on Claims.

Also, a bill (H. R. 1763) for the relief of L. D. Tracy; to the Committee on Claims.

Also, a bill (H. R. 1764) for the relief of Charlotte Lamby; to the Committee on Claims.

Also, a bill (H. R. 1765) for the relief of Walter P. King; to the Committee on Claims.

Also, a bill (H. R. 1766) for the relief of L. A. Levin; to the Committee on Claims.

Also, a bill (H. R. 1767) for the relief of Emerson P. Cole; to the Committee on Claims.

Also, a bill (H. R. 1768) for the relief of Mary S. Neel; to the Committee on Claims.

Also, a bill (H. R. 1769) for the relief of Edna Morris; to the Committee on Claims.

Also, a bill (H. R. 1770) for the relief of James A. Davidson; to the Committee on Claims.

Also, a bill (H. R. 1771) for the relief of Mary A. Cole; to the Committee on Claims.

Also, a bill (H. R. 1772) for the relief of Irma S. Haller; to the Committee on World War Veterans' Legislation.

Also, a bill (H. R. 1773) for the relief of John Buchanan; to the Committee on Military Affairs.

Also, a bill (H. R. 1774) to correct the military record of John K. McMains; to the Committee on Military Affairs.

Also, a bill (H. R. 1775) to define promotion status of J. Earl McNamany, lieutenant, junior grade, Chaplain Corps, United States Navy; to the Committee on Naval Affairs.

By Mr. KIESS: A bill (H. R. 1776) granting a pension to Wilber Green; to the Committee on Invalid Pensions.

Also, a bill (H. R. 1777) granting a pension to Alice M. McCrea; to the Committee on Pensions.

Also, a bill (H. R. 1778) granting an increase of pension to Minnie L. Klock; to the Committee on Invalid Pensions.

By Mr. KNUTSON: A bill (H. R. 1779) granting an increase of pension to Lena Kircher; to the Committee on Invalid Pensions.

Also, a bill (H. R. 1780) for the relief of the Cold Springs Brewing Co., of Cold Springs, Minn., a corporation; to the Committee on Claims.

Also, a bill (H. R. 1781) to correct the military record of Vernon S. Ross; to the Committee on Military Affairs.

Also, a bill (H. R. 1782) granting a pension to Edward W. Collins; to the Committee on Invalid Pensions.

Also, a bill (H. R. 1783) granting a pension to Lizzie C. Walsh; to the Committee on Pensions.

Also, a bill (H. R. 1784) granting a pension to Frances M. Myers; to the Committee on Invalid Pensions.

By Mr. LOZIER: A bill (H. R. 1785) granting a pension to Porter Mayo; to the Committee on Invalid Pensions.

Also, a bill (H. R. 1786) granting an increase of pension to Elizabeth C. Jackson; to the Committee on Invalid Pensions.

Also, a bill (H. R. 1787) granting a pension to Caroline Cassity; to the Committee on Invalid Pensions.

Also, a bill (H. R. 1788) granting a pension to Clellen G. (or C. G.) Bigger; to the Committee on Invalid Pensions.

By Mr. LUDLOW: A bill (H. R. 1789) granting an increase of pension to Louisa V. Moore; to the Committee on Invalid Pensions.

By Mr. McFADDEN: A bill (H. R. 1790) granting an increase of pension to Rosanna Lyon; to the Committee on Invalid Pensions.

By Mr. MOORE of Virginia: A bill (H. R. 1791) granting a pension to Frank A. Parkhurst; to the Committee on Pensions.

By Mr. NELSON of Wisconsin: A bill (H. R. 1792) for the relief of Frederick E. Burgess; to the Committee on Military Affairs.

By Mr. STRONG of Kansas: A bill (H. R. 1793) for the relief of Albert L. Loban; to the Committee on Claims.

Also, a bill (H. R. 1794) to authorize the payment of an indemnity to the owners of the British steamship *Kyleakin* for damages sustained as a result of a collision between that vessel and the U. S. S. *William O'Brien*; to the Committee on War Claims.

By Mr. TREADWAY: A bill (H. R. 1795) granting an increase of pension to Emma J. Duncan; to the Committee on Invalid Pensions.

Also, a bill (H. R. 1796) granting a pension to Archie Harrington; to the Committee on Invalid Pensions.

By Mr. TILSON: A bill (H. R. 1797) granting a pension to Sarah B. Johnson; to the Committee on Invalid Pensions.

Also, a bill (H. R. 1798) for the relief of Francis Leo Shea; to the Committee on Naval Affairs.

By Mr. WELCH of California: A bill (H. R. 1799) granting an increase of pension to Thomas J. Golding; to the Committee on Pensions.

Also, a bill (H. R. 1800) granting a pension to Thomas J. Coogan; to the Committee on Pensions.

Also, a bill (H. R. 1801) to extend the provisions of the United States employees' compensation act of September 7, 1916, to James E. Dethlefsen; to the Committee on Claims.

Also, a bill (H. R. 1802), for the relief of Thomas H. Dowd; to the Committee on Military Affairs.

Also, a bill (H. R. 1803) for the relief of the Yosemite Lumber Co.; to the Committee on Claims.

Also, a bill (H. R. 1804) for the relief of David I. Brown; to the Committee on Military Affairs.

Also, a bill (H. R. 1805) for the relief of Patrick J. Sullivan; to the Committee on Military Affairs.

Also, a bill (H. R. 1806) to authorize the appointment of Staff Sergt. Stephen Miller, retired, United States Army, to master sergeant, retired, United States Army; to the Committee on Military Affairs.

Also, a bill (H. R. 1807) granting a pension to William F. Buckley; to the Committee on Pensions.

PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

165. Petition of City Council of Seattle, Wash., to limit the immigration of natives of the Philippines to this country; to the Committee on Immigration and Naturalization.

166. By Mr. BURTNESS: Petition of the citizens of Grand Forks, N. Dak., asking for the repeal of the national-origins provisions of the immigration act, and requesting continuance of quotas based on 2 per cent of the 1890 census; to the Committee on Immigration and Naturalization.

167. By Mr. HADLEY: Petition of Board of County Commissioners of Kitsap County, Wash., urging a tariff on lumber; to the Committee on Ways and Means.

168. By Mr. HOPE: Petition signed by numerous voters of Hutchinson, Kans., urging the passage of House bill 14676, providing certain increases in pensions for veterans and nurses who served in the Spanish-American War; to the Committee on Pensions.

169. Also, petition signed by numerous business men of Hutchinson, Kans., urging the passage of House bill 14676, providing certain increases in pensions for veterans and nurses who served in the Spanish-American War; to the Committee on Pensions.

170. Also, petition signed by numerous bankers of Hutchinson, Kans., urging the passage of House bill 14676, providing certain increases in pensions for veterans and nurses who served in the Spanish-American War; to the Committee on Pensions.

171. Also, petition signed by numerous attorneys of Hutchinson, Kans., urging the passage of House bill 14676, providing certain increases in pensions for veterans and nurses who served in the Spanish-American War; to the Committee on Pensions.

172. By Mr. LAMPERT: Resolution from the Dairy Cooperative Organizations, requesting the passage of the tariff schedule for dairy products and for oils and other materials used in the manufacturing of substitutes as drafted by the tariff committee of the National Milk Producers' Federation, and passage of a comprehensive plan of financing capital operations of farm cooperative organizations; to the Committee on Ways and Means.

173. By Mr. McCORMACK of Massachusetts: Petition of Boston Central Labor Union, Harry P. Grages, secretary-business representative, 987 Washington Street, Boston, Mass., strongly urging a downward revision of the Federal income tax law; to the Committee on Ways and Means.

174. By Mr. MAGRADY: Resolution adopted by Bear Valley Local No. 1669, United Mine Workers of America, in behalf of a tariff on anthracite coal and textiles; to the Committee on Ways and Means.

175. Also, resolution adopted by Local Union No. 1384, United Mine Workers of America, of Shamokin, Pa., in behalf of a tariff on anthracite coal; to the Committee on Ways and Means.

176. By Mr. O'CONNELL of New York: Petition of the Domestic Sugar Producers' Association, Washington, D. C., favoring an increase in duty on sugar; to the Committee on Ways and Means.

SENATE

TUESDAY, April 23, 1929

Rev. Joseph R. Sizoo, D. D., minister of the New York Avenue Presbyterian Church of the city of Washington, offered the following prayer:

Almighty and ever-living God, we draw near unto Thee, believing that Thou art, and that Thou art the rewarder of all those who diligently seek Thee. We are weak, mortal men immersed in the world's affairs, buffeted by its blows, flung to and fro by its conflicts of right and wrong, prone to wander in our own way. We ask to-day some sure anchor for our souls, some abiding stay. Be Thou unto us that rock of ages. May the Lord bless us and keep us; make His face shine upon us and be gracious unto us; lift up the light of His countenance upon us and give us His peace. Through Christ our Lord. Amen.